Post-exam revised Crib June 2010

MANUFACTURING ENGINEERING TRIPOS   PART I

PAPER 4

Module 3P6: ORGANISATIONAL BEHAVIOUR
(Section A)

Module 3P7: MANAGING BUSINESS AND PEOPLE
(Sections B and C)

Post-exam Revision

SECTION A

Question 1

Question: *Is emergent leadership more important than assigned leadership in innovation focused organizations?*

Crib: Leadership responsibilities within the traditional bureaucratic organization are assigned along rational-legal terms; emergent leadership in contrast is unofficial and is not prescribed but rather occurs naturally. There are perceived advantages and disadvantages to both. A good answer will, firstly, highlight the differences between assigned and emergent leadership and, secondly, locate a discussion of the merits of each within the context of knowledge intensive organizations. The relationship between the production of new knowledge, the most appropriate supporting organizational form (e.g. bureaucratic vs. post-bureaucratic) and associated leadership capabilities is a key element of any answer.

Question 2

Question: *Why shouldn't all organizations seek to emulate the management style and organization of a company such as Microsoft?*

Crib: Microsoft is widely regarded as a corporate success due to its unique management style and organization, which might be characterised as democratic and post-bureaucratic respectively. It is frequently cited as a best practice example to others. However, there are potential risks for organizations seeking to emulate Microsoft. A good answer will analyse critically Microsoft management practice (established through the use of a formal case study in class) and highlight specific examples of transferable practice. Secondly, it will identify a range of contextual sensitivities that may enable *or* constrain the importation of practice. The best answers will synthesise a model of contingency in which the emulation of best practice is balanced with the development of best-fit practices contingent upon organizational strategy, structure, culture and other such organizational considerations. Implications for practice and theory should be discussed.

Question 3

Question: *"Despite corporate rhetoric to the contrary, employees in contemporary work organizations have never been subject to greater managerial control". Discuss.*

Crib: Much of the rhetoric surrounding contemporary management theory emphasises the value of employee empowerment, autonomy, discretionary effort and participation in decision making. This is in contrast to scientific models of management and Fordism

in which workers were simply treated as 'cogs in the machine'. However, a number of critical management theorists highlight the highly controlling nature of contemporary approaches because they seek to promote the internalisation of control. A good answer will critically appraise recent developments in culture management, emotional labour and leadership and highlight the implications for management theory with reference to examples from practice.

Question 4

Question: *"Feminist perspectives on organizational behaviour have no place on a management studies course". Discuss.*

Crib: Feminist analysis and theory is an important critical traditional within organizational behaviour. Through the frameworks of liberal feminism, socialist feminism and radical feminism, feminist critical commentators have been able to appraise organizations and management from the perspectives of equality, politics and difference i.e. 'the other'. A good answer will chart briefly the development of organizations and management practice and explore fully the utility of feminist analysis and theory as part of our ability to understand better any potential gendered assumptions within managerialist perspectives on organizational behaviour.

SECTION B

Question 5

<u>Question</u>

(a)   What is said to be the main difference between entrepreneurial and corporate firms? Explain, with examples, how this might influence the opportunities that they choose to pursue.   *[40%]*

(b)   Describe four common sources of business opportunities.   *[20%]*

(c)   Describe three important factors to be taken into account by an entrepreneur evaluating a business opportunity, explaining the significance of each one.[40%]

<u>Crib</u>

Part a) The main point that students should identify is that entrepreneurship is said to be opportunity focussed, while corporate ventures are said to be resource-focussed. Hence, entrepreneurs will pursue an opportunity regardless of the resources under their control. Very good students might point out that this is not always entirely true, since entrepreneurs are inevitably influenced by their own knowledge and resources, which may include access to, for example, particular technologies, markets, suppliers or funding.

Examples could refer to firms that were the subject of case studies on the course. Domino Printing would be particularly relevant because the case covered the early development of the first product (based on the founder's access to particular technology – continuous inkjet printing), through to later diversification which sought to take advantage of the existing customer base. This involved new applications of existing technology, but also required the firm to gain access to new technology (lasers, drop on demand inkjet). Other relevant cases would include Rolls Royce which was discussed at length, though not as a formal case study, and Apple Computers. The main point to be brought out would be that established firms will tend to be influenced by the need to protect existing assets and reputation etc., while new or young firms are less likely to be constrained by such considerations.

Part b) Students are expected to refer to four of the items listed in one of the lectures – Changes in demand, changes in supply, (matching supply and demand – least likely to be selected by students), changes in environment, and innovation of one sort or another (e.g. Products; Processes; Channels of Distribution; Forms of Marketing)

Forms of Organisation. Students would be expected to explain what was meant by each item.   Alternative sources could include the entrepreneur's own needs (e.g. Psion

organiser, Hotmail, or Dyson vacuum cleaner), and changes in legislation (e.g. date-coding of foodstuffs, which was important in the Domino case. Some students may quite from Timmons et al (one of the recommended texts) where opportunities are said to arise from "...changing circumstances, chaos, confusion, inconsistencies, lags or leads, knowledge and information gaps, and a variety of other vacuums in an industry or market..." (p.28). Good students may choose to use examples, but this is not necessary provided that the explanation is clear.

Part c) Students are expected to select criteria from the "Screening Opportunities" slide taken from Timmons 1994, though items may also be drawn from Mullins 2003, or Timmons and Spinnelli, 2008. The factors most likely to be identified include: Resource requirements (technology, finance, skills etc), market or sector structure/competitiveness, window of opportunity/timing; risk of lock-in/flexibility. In "explaining the significance", students ought to explain why each is important. For instance, lock-in, or a lack of flexibility may increase the risk associated with the proposal because a limited range of options may need to be selected early in the process of exploitation, leaving less room for manoeuvre should conditions turn out to be unfavourable.

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Most students identified the critical distinction between opportunity-focused and resource-focused perspectives. The main distinction between good and poor answers hinged on addressing the influence that the perspective adopted might have on the opportunities pursued. Although good answers demonstrated a good understanding of the implications of the perspective adopted, none went so far as to question the extent to which the distinction is true on practice. In part b) good answers included items from the list presented in class, and described how they served as sources of business opportunities. Poor answers tended only to list factors, or confused sources of opportunities with strategies for the pursuit of opportunities. The main differentiator between good and poor answers in part c) was similar: Good answers described the meaning of a factor in context, and addressed the last part of the question which concerned relative significance.

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Question 6

Question

(a)   *Explain the difference between "marketing" and "sales". What are the implications for the sales team when a business adopts a "marketing orientation"?*   *[40%]*

(b)   *Describe and explain the things, common to both pure selling and negotiated transactions, that a sales person should address in preparing to meet a potential customer.*   *[40%]*

(c)   *Explain, with reasons, the additional factors that should be taken into account if negotiation is likely to be involved.*   *[20%]*

Crib

Part a) Students should recognise that while sales and marketing have different foci, they should inform each other. Salespeople are on the front line, interacting with customers, gaining a good understanding of their needs, wants and businesses. But, salespeople can focus too much on the immediate sale and must be guided by the marketing strategy for the business.

Students should describe a marketing orientation as involving a focus on identifying and satisfying customer needs and wants. It is based on the assumption that the key to successful and profitable business is identifying the needs and wants of customers and providing products and services to satisfy them. The most important implication for sales staff is the emphasis on the collection of intelligence on customer requirements, rather than selling whatever their organisation produces. This generally means that sales staff are expected to build relationships with customers, allowing them to more fully understand those customers' businesses and needs.

Very good students will answer the direct questions, and will recognise the integrated approach which is required under a "marketing orientation". They may also reflect on the difficulty of doing this in practice. Good students will demonstrate a good understanding of the differences between marketing and sales, and the need for sales people to take a broader perspective when a firm adopts a "marketing perspective". Poor students are likely to differentiate marketing and sales without reflecting more than one or two of the dimensions referred to above, and may not appreciate the information gathering role of sales, and the need to integrate the roles of marketing and sales when adopting a marketing orientation.

Part b) Students may comment that the ability to "think on one's feet" is an important attribute for sales staff, but they ought also to note that preparation is deemed to be very important for successful sales activity. A number of specific factors were referred to in

lectures: Product knowledge and benefits - often associated with understanding customer problems/requirements; Knowledge of competitors' products and their benefits - enabling the salesperson to offset perceived strengths with weaknesses; Sales Presentation Planning - both to prepare material, and to consider possible objections from the buyer; Setting sales objectives - importantly, set in terms of the customer, rather than the salesperson; Understanding buyer behaviour - e.g. establishing the key influencers and decision-makers, and means of accessing them

Very good students would be expected to address all of the above items, though some may be combined (e.g. knowledge of their own product and its benefits might be discussed along with knowledge of competitor products). Explanation would be expected to cover most of the points noted above, though examples are likely to vary. Good students ought to cover at least knowledge of the product and its benefits, the need for preparation, including objectives, and the need to focus on the customer. Answers would be considered to be poor if they failed to identify the main items mentioned above and/or did not adequately explain why these factors are important.

Part c) In addition to the considerations identified above, salespeople engaged in negotiated sales transactions should consider the context for the negotiations and the scope for tactical manoeuvres. A number of items were identified in lectures: Assessment of balance of power - influenced by, for example, possible alternatives and available information; Determination of negotiating objectives - Identifying the desired outcomes (*"Must have"* objectives, *"Would like"* objectives, BATNA); Concession analysis - including, for example, considering possible concessions in advance (Factors to consider include: price; timing of delivery; product - specification, optional extras; price - ex works, factory gate, installation, in-service; payment - on despatch, on receipt, in working order, credit terms; trade-in terms); Proposal analysis - Analogous (and related to) concession analysis (what might the other party offer; what is its value?).

Very good answers will demonstrate a clear understanding of the implications of negotiation in the selling process (i.e. the reasons for the additional items). All four items should be addressed, though proposal and concession analysis may be combined. Students should explain what is meant by each term. Good answers will demonstrate an understanding of the need to prepare for tactical manoeuvring by understanding the relative positions of the buyer and seller, though they may not cover all of the above items. A paper would be considered poor if it demonstrated a lack of understanding of the difference between negotiated and "pure selling" transactions, and/or the need to consider the relative positions of the buyer and seller.

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Post-exam Comments

This question was attempted by only a small number of students. Part a) addressed an important distinction which though discussed in some detail on the course, is not generally well-understood. Poor answers failed to make a clear distinction, or appeared to misunderstand the question. Some students seemed to have particular difficulty with the interpretation and implications of the concept of "marketing orientation". Good answers provided straightforward statements of the purposes of marketing and sales, and the need to integrate their activities (particularly sales people's role in intelligence gathering), and were, therefore, able to explain the how a "marketing orientation" would advance this principle.

Poor answers to part b) appeared not to have studied the course material or text books, relying instead on "general knowledge", and did not appear to understand the difference between pure-selling and negotiated transactions. Good answers referred to the core factors discussed in lectures, and demonstrated an understanding of both their rationale and implications. Part c) relied on understanding the distinction between pure selling and negotiation, and this was the chief problem with poor answers. Like part b) good answers were able to identify specific factors, and explain their rationale and implications.

SECTION C

Question 7

Question

7   (a)   For what purposes are employee appraisals undertaken, and what, typically, do they evaluate?   *[50%]*

(b)   What errors and biases can influence appraisal outcomes and what measures can be taken to reduce their effect?   *[50%]*

Crib

Part a) - 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.

Part b) - 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.

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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.

Post-exam Comments

The main problem evident in answers to this question arose from confusion between Organisational Behaviour and Human Resource Management. In part a) poor answers referred to general notions of motivation, without addressing the specific practices and objectives of appraisals. Typically, poor answers failed to draw a distinction between administrative and developmental purposes. Good answers made this distinction, and described the attributes and performance measures which would be appropriate to each.

In part b) poor answers identified only one or two errors or biases, and described them only in general terms. These papers also typically did not make a connection between particular biases and specific measures and techniques. For example, most mentioned 360 degree appraisals, but did not explain how they operated, or the way in which they addressed shortcomings in other methods. Particularly good answers not only made the necessary connections, but also acknowledged the potential weaknesses of the remedial measures themselves.

Question 8

<u>Question</u>

(a)   The approach to employee relations is said to differ from one country to another. Compare and contrast the business and economic frameworks of two or more nations.   [50%]

(b)   Discuss the reasons for these variations, and the extent to which they have influenced national economic competitiveness.   [50%]

<u>Crib</u>

Part a) - Three countries were considered in one of the module lectures - Germany. Japan and the USA. However, given that the bulk of the course related to UK practice, students may decide to select this as one of the examples. If the UK is taken as one of the countries, done well, the answer could demonstrate a very good grasp of the topic, because the students will be employing material that was not presented in the context of a single frame of analysis. For the non-UK countries, material was presented under the headings of "Business" context, "Economic" context, and "Competitiveness".

In this part of the question, students are expected to describe the salient features of the two nations' frameworks. Comparison of business frameworks are likely to include differences in, for example, the extent of state regulation, the role of collective bargaining, promotion and benefit schemes, and job security. For the economic framework differences are likely to relate to, for example, regulatory arrangements, sources of funding (and associated conditions), corporate governance, and the vocational education and training infrastructure.

This part of the question is expected to be mainly descriptive. Good answers will provide a broad coverage of the features mentioned above, and are likely to adopt a framework similar to that used in the lectures (drawing on Clark and Claydon, 2007), emphasising similarities and differences. Poor answers will not identify contrasts and may refer to only a small number of features.

Part b) - This part of the question requires students to analyse the material presented in part a). Material on competitiveness was presented in lectures and referred to, for example: the effect of regulation, whether to create a stable economic environment or to promote flexibility; the extent of training and employee development in encouraging a highly-skilled workforce or influencing worker mobility; the predominant mode of pay bargaining and its effect on employer-employee conflict or management bargaining power; and management capabilities and systems and their effect on productivity and patterns of investment.

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Good answers should reflect the fact that each system has both advantages and disadvantages in terms of competitiveness, and should acknowledge that the frameworks represent a mainly complementary group of practices (though not without contradictions). Good answers should also make a connection between national histories and social norms, and employee relations practices (as reasons), but should acknowledge the dangers of stereotypical descriptions of national systems and behaviour, recognising that practices vary with countries as much as between them. Very good answers may address the extent to which practices which once enhanced national competitiveness may now be having the opposite effect (and vice versa). Poor answers are likely to be most evident in this section, though there may be some attempt to align practices with national stereotypes.

Post-exam Comments

Only a small number of students chose to answer this question. Adequate answers represented core material from lectures, or from the recommended texts, while one very poor answer consisted of a series of generalities about national preferences and stereotypes. The best answers took the material well beyond this, particularly in part b), where the balance of the positive and negative implications of various attributes, structures and frameworks was acknowledged and explored.