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UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION 2005

TITLE OF PAPER: ORGANISATIONAL BEHAVIOUR (2)

DEGREE AND YEAR: DIPLOMA IN COMMERCE 1V (**IDE**)

COURSE NUMBER: **IDE BA 322-2**

TIME ALLOWED: TWO (2) HOURS

INSTRUCTIONS

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. THE CASE STUDY IN SECTION A IS COMPULSORY
3. ANSWER ANY TWO (2) QUESTIONS FROM SECTION B

NOTE: YOU ARE REMINDED THAT IN ASSESSING YOUR WORK, ACCOUNT WILL BE GIVEN OF THE ACCURACY OF LANGUAGE AND THE GENERAL QUALITY OF EXPRESSION, TOGETHER WITH THE LAYOUT AND PRESENTATION OF YOUR FINAL ANSWER.

THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.

GOOD LUCK!!

SECTION A: COMPULSORY

QUESTION 1: Restructuring at Motorola

Competitive pressures from home and abroad have forced many firms to consider ways to cut costs and eliminate waste. At the same time firms sought ways to cut costs, they also look for ways to increase the flow of innovative ideas. Many companies responded to these twin challenges in the 1980's by reducing the levels of management and increasing the spans of control. These flatter structures had the advantages of reducing costs by eliminating managerial jobs (and salaries) and increasing the flow of ideas by giving individuals more authority to make decisions. Reports of the positive results of these restructuring efforts filled the popular press.

Notable success stories include Ford Motor's acknowledgements that its 12 layers of management should be reduced and brought more in line with Toyotas 7 and Xerox Corporation's reduction in middle management. Even those firms with records of efficient operations announced that they were attempting to do better by reducing the managers in their organisations. For example, Dana Corporation (an acknowledged efficiency leader) announced its intention to reduce its five levels of management to four. These success stories came to the attention of Motorola's top management, who instructed the company's human resources professionals to evaluate potential gains through flattening the structure.

Motorola's top management was particularly concerned with how any efforts to reduce managerial personnel would affect the company's long standing commitment to certain values. The company enjoyed the reputation of treating employees with respect and dignity, including protecting employees who have served the company well in the past. Any restructuring effort to eliminate managerial jobs would have to be consistent with the company's reputation. Top management was also concerned with how managers themselves would respond to efforts to reduce managerial jobs. Would they see such efforts as threats, particularly if it meant reducing personnel in their own departments?

Aware of these issues, human resource professionals devised the following strategy for dealing with the necessity to cut costs and, at the same time, to adhere to people-first values. The process consisted of five steps involving the managers and human resource professional in joint activities:

Step 1: *Data gathering* on reporting relationship as indicated in the organisation chart, what actually went on in various units, as distinct from what is supposed to go on.

Step 2: *Analysis*. Human resource professionals analysed the charts and identified issues for discussion with managers. The issues included too many managerial levels, too narrow span of control and overlapping responsibilities

Step 3: *Discussion of the analysis results* with various managers and were given opportunities to explain and clarify relationships shown on the charts.

Step 4: *Goals negotiations*. As discussions between managers and human resource staff were problematic, managers were asked to propose solutions. When they disagreed with the staff, they were challenged to present their own analysis and solutions.

Step 5: Implementation and tracking. They tracked the changes and the resulting cost savings from the implemented programme. The sources of the savings were from management salaries who were not replaced on retirement or transfers. Other savings came from management replacements by non managers at lower salaries.

Thus through elimination of some jobs and redefinition of others, Motorola succeeded in its efforts to reduce costs by restructuring its organisation. The restructuring has caused Motorola's managers to constantly ask themselves whether they each can effectively direct one more employee. They ask, "if I manage five, why not six?" Results of restructuring have been impressive in economic terms, with savings in excess of \$4.3 million in the first year. It has resulted in other major improvements that are linked to restructuring.

Questions:

1. Based on the experience of Motorola, can you make the case for flat organisations being relatively more effective than tall organisations in dealing with competitive pressures? Explain your answer. (30 marks)
2. If Motorola had not been pressured by competition, would it have restructured its organisation? Explain your answer. (20 marks)

Total

(50 marks)

SECTION B:

2. Using practical illustrations, discuss how power and organisational politics can influence positive organisational performance? (25 marks)
3. From the different leadership theories, what are the major influences that make a leader effective? (25 marks)
4. a. Discuss the contemporary organisational and job designs? (15 marks)
b. What is the rationale for these types of design? (10 marks)
5. Different organisations have used a variety of interventions in response to the need for organisational change and development, discuss these major interventions. (25 marks)