

MANAGEMENT PROGRAMME

Term-End Examination

June, 2013

MS-10 : ORGANISATIONAL DESIGN,  
DEVELOPMENT AND CHANGE

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

**Note :**

- (i) There are **two** Sections A and B.
- (ii) Attempt **any three** questions from Section A. All questions carry **20** marks each.
- (iii) Section B is **compulsory** and carries **40** marks.

**SECTION - A**

1. What are the objectives of T-Group training and briefly discuss the benefits of T-Group Training at individual, group and organisational levels.
2. Discuss the elements that need to be reviewed for organisational analysis and briefly describe the analysing organisations.
3. Briefly describe the contemporary approaches to job design and their relevance.

4. What is the purpose of organisation design ?  
Briefly describe the factors which affect organisation design.
5. Write short notes on *any three* of the following :
- (a) Task force
  - (b) Centralisation Vs Decentralisation
  - (c) Quality of work life
  - (d) Interview as a diagnostic tool
  - (e) Process of change

## SECTION - B

6. Read the following case carefully and answer the questions given at the end :

### **ABB: A HUGE GLOBLE MATRIX**

If lean and mean could be personified, Percy Barnevik would walk through the door. A thin, bearded Swede, Barnevik is Europe's leading hatchet man. He is also creator of what is fast becoming the most successful cross-border merger since Royal Dutch Petroleum linked up with Britain's Shell in 1907.

In four years, Barnevik, 51, has welded ASEA, a Swedish engineering group, to Brown Boveri, a Swiss competitor, bolted on seven more companies in Europe and the U.S.A. and created ABB, a global electrical equipment giant that is bigger than Westinghouse and head to head with GE. It is a world leader in high-speed trains, robotics and environmental control.

To make this monster dance, Barnevik cut more than one in five jobs, closed dozens of factories and decimated headquarters staffs around Europe and the U.S.A. Whole businesses were shifted from one country to another. He created a corps of just 25 global managers to lead 21,000 employees. IBM has talked with Barnevik and his team about how to pare down its own overstaffed bureaucracy. Du Pont recently put

Barnevik on its board. Says a senior executive at Mitsubishi Heavy Industries. "They're as aggressive as we are. I mean this as a compliment. They are sort of super Japanese."

ABB is not Japanese, nor is it Swiss or Swedish. It is a multinational without a national identity, though its mailing address is in Zurich. The company's top 13 managers hold frequent meetings in different countries. Since they share no common first language, they speak only English, a foreign tongue to all but one. Like their boss, senior ABB managers are short on sentiment and long on commitment. An oil portrait of a 19th century founder of Brown Boveri hangs in ABB's headquarters, but few are sure what his name is. (It's Charles Brown). Ask for a fax number, though and you're likely to get two, office and home.

To Barnevik, today's competitive market economy is a 'cruel world'. Not making it any kinder, he has launched a personal war on what he sees as excess capacity-2 percent to 3 percent in the electrical equipment industry in Europe alone. Educated in Sweden and the U.S.A (he studied business administration and computer science at Stanford in the mid-1960s), Barnevik thinks European industry must be restructured massively to become competitive in world markets. He foresees billions of dollars and mergers and

acquisitions in the next three to five years. Europe's best strategy against the Americans and Japanese, he believes, is to break free of protected national markets.

Before the merger, Brown Boveri had four people in Baden, Switzerland, and ASEA had as many as 2 in Vasteras, Sweden. The combined company now employs just 15 in a modest six-storey building across a train station in west Zurich. Where did everybody go? Many were fired. The rest were sent to subsidiaries or offered jobs in new companies set up or assume many headquarters functions. (ABB Marketing Services, for example, creates and runs campaigns for ABB, but also takes on a few other clients). And Barnevik expects to make money). It's not just cost cutting Barnevik is after, though that is obviously important. Says he. "Ideally you should have a minimum of staff to disturb the operating people and prevent them from doing their more important jobs."

Barnevik's master matrix gives all employees a country manager and a business sector manager. The country managers run traditional, national companies with local boards of directors, including eminent outsiders. ABB has about two such managers, most of them citizens of the country in which they work. Of more exalted rank, are 65 global managers who are organised

into eight segments: transportation, process automation and engineering environmental devices, financial services, electrical equipment (mainly motors and robots) and three electric power businesses: generation, transmission and distribution.

Barnevik is well aware that the once popular management by matrix is in disfavour in the U.S. business schools and has been abandoned by most multinational companies. But he says he uses a loose, decentralised version of it-the two bosses are not always equal-that is particularly suited to an organisation composed of many nationalities.

The matrix system makes it easier for managers like Gerhard Schulmeyer, a German who heads ABB's U.S. businesses as well as the automation segment, to make use of technology from other countries. Because of the matrix, Schulmeyer has a better idea of what is available where.

He says that the techniques developed by ABB in Switzerland that he uses to service U.S. steam turbines are more reliable and efficient than those of General Electric and Westinghouse, his main American competitors. Schulmeyer also relied on European technology to convert a Midland, Michigan, nuclear reactor into a natural gas-fired plant.

ABB executives say the value of the company's matrix system extends beyond the swapping of technology and products. For example, the power transformer business segment consists of 31 factories in 16 countries. Barnevik wants each of these business to be run locally with intense global coordination. So every month the business segment headquarters in Mannheim, Germany, tells all the factories how all the others are doing according to dozens of measurements. If one factory is lagging, solutions to common problems can be discussed and worked out across borders.

*Questions :*

- (a) Which of the four basic departmentalisation formats do you detect in ABB's structure of eight segments ? Explain.
  - (b) Has Barnevik created an effective balance between centralisation and decentralisation ? How can you tell ?
  - (c) Relative to the advantages and disadvantages, is ABB's matrix structure appropriate to its situation ?
  - (d) How does ABB apparently avoid unity-of-command problems with its matrix structure ?
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