23-12-2015

DOON UNIVERSITY

SCHOOL OF MANAGEMENT

END SEMESTER EXAMINATION DECEMBER 2015

ORGANIZATIONAL BEHAVIOR MMS-506

MBA-I SEMESTER

Attempt all questions **MM: 50**

1. "Organizational Behavior is at the crux of managing workforce in any context, in any structure, in any design and in any functional area". Discuss. 15
2. "Culture thy name is spirit". Discuss. 15
3. Discuss the case study. 20

campaigns should be cleared by our New York staff.

3. The New York staff should approve any substantial design and feature changes.

Though I haven't yet had the opportunity to meet with most of you, I look forward to doing so over the next three months to discuss the impact of these policy changes and the changes ahead.

A. Sampson, C.A., M.B.A.

Before sending this e-mail, Sampson asked Wong for his reaction. Wong suggested that e-mail was perhaps not the most effective way to deliver this message. While Sampson appreciated the advice, she felt e-mail was most expedient, given the urgency to change in time for next season's rush.

Two months later, in a casual conversation with the head of procurement for WorldFurniture, Sampson learned that no orders from any of Cushy Armchair's divisions had yet been received. It didn't take long for Sampson to learn that either all of her policy changes had been ignored *or* that no actions or decisions by purchasing, design or marketing had yet met the criteria set out by Sampson in her e-mail memo of April 1st.

Crafting a Vision at Daimler-Chrysler[1]

Prepared by Nicole Nolan under the supervision of Professor Brian Golden

Version: (A) 2003-03-04

On September 18, 1998, Chrysler and Daimler-Benz shareholders approved the largest corporate merger in history. After months of talks, Jürgen E. Schrempp, chairman of the German-based Daimler-Benz management board, and Robert J. Eaton, chairman and chief executive officer (CEO) of the American-based Chrysler Corporation, were now preparing for November 17, 1998. This would be the historic day that Daimler-Chrysler would be born, and create the fifth largest automobile company in the world behind General Motors Corporation, Ford Motor Corporation, Toyota Motor Corporation and Volkswagen. Schrempp and Eaton were now charged with the responsibility of amalgamating two enterprises with very different cultures, market segments and product lines; they needed to forge a vision on which Daimler-Chrysler would base its future.

Chrysler Corporation, incorporated in 1925, was the third largest automobile manufacturer in the United States and was considered the most efficient in America, based on cars produced per employee. Chrysler was known for its economically priced minivans, pickup trucks and sport utility vehicles. Chrysler, however, was considered a regional car manufacturer, with nearly 90 per cent of its sales in North America and only one per cent of its sales in Europe.[2] In contrast, Ford and General Motors each had about 12 per cent of their sales in Europe.

Daimler-Benz, the oldest automaker in the world, ranked 14th in size among automakers worldwide. In contrast to Chrysler, Daimler-Benz sold only luxury automobiles and commercial vehicles. The Daimler-Benz reputation was based on craftsmanship, quality and safety. Daimler-Benz had 63 per cent of their sales in Europe, and 21 per cent of their sales in North America.[3]

To the investment community, the merger looked like a match made in heaven. Both the

North American and European markets were mature, thus making significant growth on their own for either firm very unlikely. Likewise, their product lines were complementary.[4] For instance, Chrysler lacked a luxury vehicle, and Daimler-Benz did not produce minivans or sport utility vehicles. Also, both the increased market power and economies due to the size of the merged firm were seen as critical.

Other observers, however, were less confident of the merger's likely success and whether this would be a "merger among equals" as Schrempp had indicated. Daimler-Benz employees were proud of the elite image and were concerned about having that tarnished by a "third string, mass market American firm." Chrysler employees voiced concerns about the "Germanization of America's No. 3 automaker." One senior Daimler-Chrysler executive had been quoted as saying:

> It is unthinkable for a Chrysler car to be built in a Mercedes-Benz factory, and for as long as I'm responsible for the Mercedes-Benz brand, only over my dead body will a Mercedes be built in a Chrysler factory.[5]

Shortly after the announcement, Chrysler's engineers released a Top 10 list of the ways in which Chrysler's corporate culture would change with a Daimler-Benz takeover. Beer in office vending machines and lederhosen on casual dress day were two suggestions offered by Chrysler designers.

Independent observers also noted the different business and national cultures of the two firms. One news account suggested the possibility of Daimler-Benz's button-downed managers possibly clashing with the more freewheeling culture of Chrysler. For example, Daimler-Benz employees referred to each other by their last names, for example as Mr. Schrempp instead of Jürgen. The Chrysler employees referred to each other by their given names.[6]

The two firms' strategies had also influenced their culture around spending. Daimler-Benz executives tended to fly first class and stay in luxury hotels. Chrysler executives travelled coach class and stayed in inexpensive hotels to save money.[7] There were also substantial salary differences. Eaton earned US$9.8 million in the year before the merger. In contrast, the 10 members of the Daimler-Benz management board in total earned the equivalent of US$11 million that same year.[8] One reason for this discrepancy was that the Americans had bonus incentive programs and stock options, whereas the Germans did not.

Also, because Chrysler's cars tended to be in the US$20,000 range, and Daimler-Benz's in the US$80,000 range, Chrysler had long emphasized efficiency and economy in design and production. Daimler-Benz focused more on engineering excellence and luxury. Both partners, however, had developed substantial capabilities in terms of systems. For example, Chrysler's popular SCORE purchasing program had received national recognition. Daimler-Benz's TANDEM purchasing program, equally successful but very different, had received similar accolades at home.[9]

Middle managers at both firms were concerned. As one Chrysler manager, fearful of the significant overlap of support functions, commented to a local Detroit news reporter:

> We've all been waiting for the other shoe to drop. There's a fear of what will happen to salaried workers generally. If you look at other corporate mergers, what happens is, they axe middle management.

Stability and job security was not something Schrempp was known for. He had earned the reputation as the "Rambo of Europe" from his aggressive job slashing activities in the mid-1990s. For example, Schrempp had eliminated 11 of the 35 Daimler-Benz business units in a six-month period. In Germany, he was often referred to with the phrase "*Uber leichen gehen*" ("to walk over dead people"). The German tabloids called him "Neutron Jürgen" in reference to "Neutron Jack" Welch, who had aggressively downsized General Electric in the 1980s.[10]

One industry expert praised the merger in theory, but commented on U.S. national television that caution was called for. He reminded the audience that the *Titanic* was large and technologically advanced, but no longer with us—not unlike the 1980s merger of Ford's and Volkswagon's Brazilian and Argentinean operations (the now defunct Auto Latina). Aware of both the excitement among investors, and the concern of critics, Schrempp considered how he could best communicate the vision of the newly formed company.

Notes

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Daimler-Chrysler or any of its employees.
2. www.daimlerchrysler.com *Daimler-Chrysler Special Reports: The Financial Picture*, September 2001.
3. www.daimlerchrysler.com *Daimler-Chrysler Special Reports: The Financial Picture*, September 2001.
4. www.daimlerchrysler.com *Daimler-Chrysler Special Reports: The Media Reaction*. Reprinted from David E. Cole and Michael S. Flynn. *The Detroit News* 6/26/98, September 2001.
5. Waller, David. *Wheels on fire: The amazing inside story of the Daimler-Chrysler merger*. Hodder & Stoughton. 2001. p. 243.
6. Ibid., pp. 253–254.
7. Vlasic, Bill and Bradley Stertz, *Taken for a ride: How Daimler-Benz drove off with Chrysler*. Harper Collins Publishers: New York. 2000, p.320.
8. Waller, David, p. 254.
9. Sorge, Marjorie. 1998. Daimler-Chrysler: How the two become one. *Automotive Industries*. October. http://www.ai-online.com, September 2001.
10. Vlasic, Bill and Bradley Stertz. pp. 129–130.

ABB Poland

Prepared by Professors
Ann Frost and Marc Weinstein

Version: (A) 1998-11-24

Introduction

In May 1996, Artur Czynczyk,[1] the recently appointed human resource director for ABB Poland, pondered his next step in promoting the much needed restructuring of the companies acquired by ABB in Poland since 1990. At a meeting of ABB Poland's top management earlier that month, at corporate headquarters in Warsaw, he had reported his findings: the restructuring of operations within individual companies was stalled and the current personnel staff appeared incapable of facilitating the needed change process. Having had only limited success over the past two and a half years in facilitating change indirectly, Czynczyk needed a plan for what to do next.

ABB Organizational Structure

ABB, a Swedish-Swiss multinational, entered the Polish market in 1990 with its acquisition of Zamech, a Polish manufacturer of turbines. ABB's entry was precipitated by the huge market potential in the former COMECON countries for infrastructure development. ABB's acquisitions in Poland stayed true to ABB's core businesses as the company acquired Polish companies in the power generation, power transmission and transportation fields (see Exhibit 1). By 1993, ABB was the third largest foreign investor in Poland after Fiat and International Paper. By 1996, ABB Poland had emerged as an important employer in the Polish economy, employing 7,500 people in