

OB 01

Date: 06/12/07

Roll No.

Total No. of Printed Pages : 5

Total No. of Questions : 7

Maximum Marks : 60

Duration (hrs) : 3

Note :

1. Question I is compulsory and carries 20 marks
2. Answer any 4 from the remaining Six questions from section II (Each question carries 10 marks)
3. Section I and Section II should be answered on separate answer books

SECTION I

1. Read the given case study and answer the questions given below. (Refer to the attachment)

SECTION - II

2. Why is the study of perception important in the work place to improve interpersonal relations.
3. Describe the Hawthorne Experiments in detail and discuss how they have led to the study of organizational behaviour.
4. "Organizational Design is undergoing change as a result of globalization." Explain.
5. Explain what you understand by personality? What are the "big five" personality indicators as enumerated by Goldberg in 1993?
6. Describe in detail Bruce Tuckman's 4 stage model for group formation. What are the factors that you would consider for choosing a team for special task in your organization?
7. What are your learnings as a student of management from the Taj's People Philosophy case study, discussed in the class?

Case Ten

The Patterson Operation

BACKGROUND

Carrington, Inc., is an international company engaged in the production and distribution of pharmaceuticals, proprietary drugs, and cosmetics and toiletries. In its worldwide operations, Carrington employs over 15,000 people and has sales of over \$500 million annually.

At the midsouth plant of Carrington, Inc., management was faced with problems of low productivity, low employee morale, and high unit costs in the section responsible for the assembly of various kinds of packages containing assortments of different products made by the company. These "prepaks," or "deals," as they are referred to within the organization, are specially prepared to the specifications of the individual customer. Each package may contain from 24 to 480 items, and the total number of packages for a customer may range from 10 to 1,500 units. Most of these packages are prepared in such a way that the retailer can set them up as freestanding, point-of-sale promotional displays. From Carrington's standpoint, the objective of using these product displays is to create additional shelf space for Carrington's products. In the stores these displays could be placed in aisles or used as shelf extenders. Assembling the deals is essentially a job-shop-type process, and prior to last year the assembly room was located in a part of the main plant known as Section 10.

The employees in Carrington's manufacturing and assembly operations are unionized, and the firm uses a Halsey 50-50 Incentive Plan, a time-saved bonus plan. Under the Halsey Plan, a worker who can do her or his job in less than the standard time receives a bonus of 50 percent of the hourly wage rate multiplied by the time saved. For example, an employee who completed 10 standard hours of work in 8 hours would be paid 8 hours plus 1 of the 2 hours saved. Thus, if the hourly pay rate is \$8.50, the worker would earn \$76.50 for the day.

PROBLEMS WITH SECTION 10

The assembly of prepaks in Section 10 used roller-type conveyor belts which supplied each worker with the products to be included in a particular package. The working conditions were outstanding; the work area was very clean, well lighted, and air-conditioned. An attractive cafeteria for employee use was available in the same large building.

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In spite of good working conditions and the chance to earn extra pay through the company's incentive system, the operation in Section 10 had encountered a marked trend of increases in unit costs and decreases in output per labor hour. In fact, during the last three years cost figures revealed that the section was below the break-even point. Contributing to this deteriorating situation was low productivity and failure of employees to meet the work standard. This latter problem was made particularly evident by the fact that no employees were able to earn a bonus under the incentive plan.

Discipline in Section 10 was poor and supervisors were constantly having problems. A number of grievances had been generated. Morale was not helped by the fact that any employee quite often was moved from one assembly line to another. This action tended to increase production costs because the employees had little chance of moving down a particular learning curve before being moved to another operation. Another factor indicative of low morale was the employees' attitudes. There was no spirit of mutual cooperation and the attitude of "that's not my job" was prevalent.

All in all, working in Section 10 was considered an unpopular work assignment. The work required manual labor and was perceived as relatively hard work compared with work on the automated lines in the other work areas. Also, word had spread that no one could "make bonus" working there. Eventually, through the bidding system used by the organization, the workforce in Section 10 came to consist, in large part, of young inexperienced employees, problem workers, and malcontents. As one manager described the situation, "Section 10 had the pits of the workforce."

A NEW OPERATION

Early last year management at Carrington was confronted with a severe space problem for its expanding manufacturing and assembly operations. Several alternatives were considered, but none seemed to offer an economically feasible solution to the space problem. In near desperation, managers held a brainstorming session that led to a decision to move a large part of the assembly of the deals to a facility already leased by the company and presently used as a warehouse. This facility was located on Patterson Street; thus the new deal room became known in the company as the "Patterson operation."

The new facility fell far short of providing work space and conditions comparable to those in Section 10. The building was located in an entirely separate area approximately 3 miles from the main plant in a neighborhood of run-down, low-income housing and other warehouse operations.

The building housing the Patterson operation had been thought to be acceptable only for warehouse use. It was an old brick structure with a number of large open bays for shipping and receiving. The building was dark, poorly ventilated, not air-conditioned, and inadequately heated. It was poorly suited for use by workers involved in assembly operations. Temperatures averaged approximately 50 degrees during the winter months and well over 90 degrees in the summer. There was no cafeteria or food service, and employees either brought their own lunch or went to a small neighborhood grocery in the vicinity and bought food. Other worker facilities, such as restrooms and break areas, were poor. In summary, working conditions contrasted sharply with those of Section 10, with its clean, air-conditioned, well-heated facilities in a good neighborhood and with a first-class company cafeteria available.

Despite these tremendous obstacles and seemingly against its best judgment, management, pressed for manufacturing space, decided to move the assembly of prepaks to the Patterson warehouse. Little money was spent on modifications of the Patterson facility.

RESULTS OF THE MOVE

Moving to Patterson involved the transfer of approximately 40 employees from the main plant, most of whom were African Americans with low seniority. Under the new structure, all these workers were managed by Fred Hammond, an African-American first-line supervisor.

As foreman, Fred made some drastic changes in the assembly operation. He set up the assembly line so that individual workers could work on the same job until that particular order was completed. The situation was entirely different from the one in Section 10 where an employee could work on as many as three different assemblies during a day's time. Under the new plan, the repetition of working on only one line enabled workers to develop speed, which facilitated their earning bonuses.

The new foreman introduced some other innovations. He allowed employees the opportunity to influence decisions concerning their work hours and the times of their rest breaks. While at the main plant the playing of radios in a production area was not permitted, at Patterson it gradually became acceptable to have radios tuned to popular music, usually played at a high volume level. Other nonstandard conditions existed at Patterson. Employees did not have to observe dress codes, wear bonnets, or refrain from wearing jewelry on the job. Because of the rather remote location of Patterson off the main plant site, managers or supervisors from the plant visited the new facility rather infrequently. Where violations of certain company policies existed, a somewhat liberal attitude was taken by management.

In order to have some place to eat or to take a break, the employees got together and furnished a small room with enough tables and chairs to modestly equip a rather austere dining room and break area. Eventually this room was air-conditioned. In addition, the employees were attempting to get the company to furnish some paint so that they could repaint the room.

With these and other changes, a shift in worker attitudes began to evolve. Employees came to view Patterson as their own "company." A feeling of mutual cooperation prevailed, as evidenced by the willingness of individual workers to assist others when possible. An esprit de corps developed among the Patterson workers. Productivity increased to such an extent that employees were receiving bonuses, which had very seldom been the case in the old location. The jobs at Patterson became more popular and the composition of the workforce there gradually changed from one of inexperienced and dissatisfied workers to one in which older and better-qualified people began to bid actively for the jobs. Since the Patterson operation opened, there has been only one grievance filed, and during the first year of operation there was a 32.8 percent increase in productivity over that of Section 10.

Since the inception of the Patterson operation, Fred Hammond, the first-line supervisor initially in charge, was promoted. He was replaced by May Allison who has continued to run the operation in the same manner as Hammond. To an outside observer, it is rather amusing to watch May, who is less than 5 feet tall and weighs approximately 100 pounds, in her supervisory relationship with the workforce, particularly the burly male employees and the older female workers. It is apparent that she has been able to earn the respect and admiration of the employees and has developed effective work relationships with them. Recent data indicate higher productivity and more bonuses at Patterson than in comparable work in the main plant. May is well liked personally as evidenced by employee contributions of about \$75 for her birthday gift.

May has continued to get the employees to participate in decision making, for example, in the decision to change work hours at Patterson during the summer months from 5:30 A.M. to 2:00 P.M. rather than 7:30 A.M. to 4:00 P.M. as in the other plant areas. This change was initiated because of the nearly unbearable heat of the late afternoon in the

warehouse. This change in work schedule was not in accordance with company policy, but it has been tolerated by management. The workers at Patterson really preferred an even earlier workday, but that choice was not feasible because of coordination problems in receiving goods from the main plant.

Another interesting development at Patterson is the formation of the workers' own softball team, called the Patterson Warriors. Normally, the company fields a team composed of players from all units instead of from only one particular section. Again, Patterson employees made a decision and acted independently, without reference to overall company personnel policy.

Work records at the Patterson operation concerning absenteeism, tardiness, and turnover are not better than those in the main plant. In a few cases they are slightly worse although this difference is not considered to be significant by management. However, the very low grievance rate, the high level of worker morale, and the better productivity at Patterson are pleasant surprises to management.

The activities of the Patterson operation are fairly well known among the managers at the mid-south plant of Carrington. Management reactions range from positive to negative, with some managers ambivalent about Patterson. All, however, seem to agree that the Patterson operation is, at least, interesting.

QUESTIONS

Study Guides

1. Has the Patterson operation been successful? To the degree that it can be judged a success, what factors have contributed to it?
2. Identify the leadership styles of Fred Hammond and May Allison. Apply several of the leadership models to the case, such as Fiedler's contingency model and the Hersey-Blanchard situational model.
3. Comment on the informal organization at Patterson. In what ways did the employees create their own "company"?
4. Review Herzberg's two-factor model. Why didn't the change in physical working conditions (a deterioration of a hygiene factor) have a negative effect on productivity? What *did* cause the workers to be productive?