

MBA (FT)

A

Paper MBAFT-6201— ORGANISATION EFFECTIVENESS AND CHANGE

(Admissions of 2010 and onwards)

Time: 3 hours

Maximum Marks : 50

(Write your Roll No. on the top immediately on receipt of this question paper.)

The paper is divided into two Parts, Part A and Part B. Part A is compulsory.

Attempt any three questions from Part B.

PART A

1. Read the following case and answer the questions that follow. (23 Marks)

Hewlett Packard Change Story: Managing a Merger

Around 7 a.m. on March 19, 2002, Hewlett Packard's CEO Carly Fiorina and CFO Bob Wayman were on the phone to Deutsche Bank trying to make one last ditch effort to convince them to vote yes. The vote, scheduled for later that morning, was an important one. It would determine the future of the proposed Hewlett-Packard (HP) and Compaq Computer Corp. merger and the future of HP as a major player in the technology industry. The months preceding the vote had been tumultuous. After the announcement of the proposed merger had taken place in September 2001, Walter Hewlett, the son of the co-founder of HP, had publicly opposed the proposition, which required shareholder approval. Fiorina and her team faced serious and accumulating opposition to the merger, but there was also growing concern for HP's future if the deal was rejected. A Merrill Lynch portfolio manager said at the time, "If the deal is voted down, I don't know what I'm left with. I don't know if the board will stay, if management will walk out the door, or what the strategy will be. Sometimes the devil you know is better than the devil you don't."

In the lead up to the vote, HP was confident that a yes vote by Deutsche Bank was a sure thing. Representatives of Deutsche Bank, such as George D. Elling, had been public supporters of the merger and had reportedly even given HP a \$1 million contract to uncover the voting plans of other institutions. Word of a change in Deutsche Bank's thinking reached Wayman and, despite reassurances from his contacts that the merger would be supported, talk strongly suggested that they had, in fact, reversed their decision. On the morning of the vote, Fiorina and Wayman were given their first and only opportunity to pitch the deal to the investment team at Deutsche Bank. Fiorina, using her innate ability to impress, gave a compelling and persuasive argument questioning the company's future if the merger did not go ahead. The Deutsche Bank team decided that a failure to continue with the merger would be more disastrous than the merger itself. On March 19, 2002, the merger was approved by a shareholder vote – a result that would have been more difficult had Deutsche Bank not supported the merger.

Turn over

Premerger

Back in 1999 when Fiorina joined HP, the company was in serious need of guidance. The personal computer division faced growing competition, the sales force needed better coordination, and the company was losing market share to rivals such as Dell and Sun Microsystems. Fiorina joined the organization with aspirations, and external pressures, to change how it functioned. In her view, the culture of HP could be changed by 'going back to the roots of the place.' One of the ways she set out to achieve this was by working with a local ad agency and the head of Human Resources to create a set of "Rules from the Garage" that outlined what she hoped the culture at HP would become. "The customer defines a job well done" and "Invent different ways of working" became signifiers of the company's direction and aspirations.

She decided to restructure the company. Customers such as Ford and Boeing were frustrated by the separate sales teams from HP that were constantly marketing individual products to them. They wanted a complete package that addressed the needs they had in their entirety. In light of these uncommunicative operational units within HP, Fiorina reorganized the company into "quadrants," creating two "front-end" sections that consisted of sales and marketing and two "back-end" functions where manufacturing and research occurred. There was considerable, but subtle, employee resistance to the change. Fiorina's vision of HP creating a new interface with customers may have been sound, but, as a radical change, it was not widely welcomed by many who were part of the HP "system."

Post-Merger

In the aftermath of the merger, and the ensuing lawsuit that opposed the merger and attempted to dissolve it, Fiorina had a huge task ahead of her. The integration of the two corporate cultures was made more difficult by the strained relations Fiorina had with her own staff, many expressing serious concerns regarding the merits of the merger. The transition was made slightly easier by the 65,000 new personnel who became a part of the HP community after the merger. They were more at ease with creating an organization in the way that Fiorina envisioned. According to Fiorina, the necessary cultural adjustment was simplified by this injection of "new DNA."

Following the merger, Fiorina embarked on a series of technological symposiums and "coffee talks" with HP engineers. Although the merger had already been under-taken by HP and Compaq, there were still many employees who were not convinced of the validity of HP's riskiest move, some of whom faced being victims of the job cuts resulting from the merger. To win over the 147,000 employees worldwide, Fiorina used a range of methods of communicating including the "management by walking around" style that Packard and Hewlett had originally advocated within the organization. A company employee commented on her style and interaction with all members of the company by saying that her actions and down-to-earth nature "earned her a lot of points" with transferees from Compaq.

The company faced challenges in the way of significant competition from both Dell in the PC business and IBM as a service provider. Communicating a vision for the future of the company post-merger remained a key issue for Fiorina. In February 2005 Fiorina was removed from her post as CEO of the company.

Questions:

- a. How does the issue of merger impact the culture of an organization? Discuss in relation to the instances from the case. (7 Marks)
- b. Why does the process of change invoke varied kind of reactions from the people who are impacted by it? How were these reactions managed in the case of Hewlett Packard? (9 Marks)
- c. How justifiable is the decision to remove Fiorina from the post of CEO of the company? Give reasons. (7 Marks)

PART B

2. Why is it important for the managers to be ethical in exercising power in organizations? When does this behavior become unethical and why? (9 Marks)
3. What is the relevance of creativity and innovations in a business organization? How can manager bridge the gap between the expected concreteness in the culture of an organization and absolute abstractness in the creative endeavors of the employees? (9 Marks)
4. Why are women executives generally found in the staff roles like human resource development and marketing research? Can this trend be reversed? How? (9 Marks)
5. Define pooled interdependence, sequential interdependence, and reciprocal interdependence with examples. In which situation is conflict most likely to occur and why? (9 Marks)
6. Write short notes on the following: (9 Marks)
 - a. Features of a Learning Organization
 - b. Cross-cultural communication