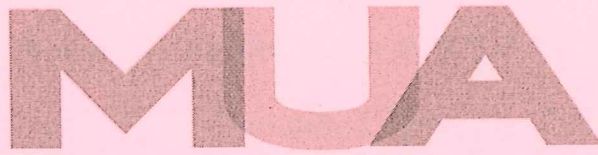


The
Management
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POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF MANAGEMENT AND LEADERSHIP

SMO 508 : ORGANIZATIONAL DEVELOPMENT AND CHANGE

DATE: 27TH NOVEMBER 2023

DURATION: 2 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

Multinational Technology Company's (MTC) Transformation

Multinational Technology Company (MTC) is one of the few still existing companies with roots back in the 19th century. Initially founded for manufacturing for automated machines recording and counting punch cards, the company transformed its product range and corporate culture for several times over the decades. The company culture was initially characterized by Thomas J. Watson, Sr., who headed MTC from 1914 to 1956, towards a strong sales orientation and community among employees. The following case description of MTC is based on the book "Who says elephants can't dance" (Gerstner, 2002).

The disruptive technology around 1990, which affected the operations of MTC dramatically was also responsible for the company slipping into crisis: the development of the World Wide Web, which constituted a milestone in the acceleration of the globalization. According to Jetter et al. (2011), the data and information exchange through the World Wide Web provided completely new capabilities in the market.

Another change in the environment was the newly rising customer demand for systems bundled with software and services both for enterprises and the consumer market. In other words: integrated systems. MTC did not recognize those shifts in their environment early enough, which lead to enormous losses in the beginning of the 1990s. Moreover, the rise of UNIX and therefore open-source standards affected MTCs core businesses.

MTCs business looked promising until the end of the 90s: revenues could incrementally be increased and MTC PC, as leading computer manufacturer, was well developed with a wide range of complementary products. Thus MTC seemed to be prepared for new customers and users. But the business almost disappeared in the early 90s. In 1993, MTCs losses reached \$8.1 billion, after a \$4.97 billion loss in 1992 and a \$2.8 billion loss in 1991. But how did it come so far?

MTC - as rationally managed and in its complexity growing company before the 90s - was aiming on stability and avoiding risks. MTC performed in the stage of equilibrium and stick to the strategy 'business as usual' as pioneer in the computer technology domain. Stability and predictability of environment combined with market power characterized the situation before 1990. This led to a "tunnel vision" as described by Abcouwer & Parson (2011). MTC was at that point a perfectly vertically integrated company, carrying out almost the whole supply-chain in-house: beginning with the design, over manufacturing and commercialization - this included for instance hardware, operating & application software as well as sales and distribution. Furthermore, MTC was producing at a higher price than its competitors. Thus MTC had an expense problem. All in all, MTC had to face new challenges and hence had to align to new environmental shifts, otherwise the company would run bankrupt. The company was now in the middle of a release phase in means of the adaptive cycle of change.

External influences as the disruptive technology of networking computers and the rise of the internet led to a deep crisis at MTC. Describing the term by means of the adaptive cycle of change, the company was in a situation of uncertainty of what they want to do and what can be done. A need for a new direction was no longer deniable. The existing management reached its limit in the crisis situation. According to Abcouwer & Parson, changes may take place by a new management, search for new markets, new partnerships or coalitions and mergers. MTCs' solution approach to the crisis: gain inspiration by a new external manager in order to find a new set of alternatives. The decision for the right alternative and its implementation would be a subsequent challenge.

Louis V Gerstner was hired externally and took up the position of the CEO in 1993. He took over the full responsibility for the reconstruction of MTC. He 'right-sized' the company and changed the core business from manufacturing products to offering services. This took place in a period of almost 10 years, from 1994 until 2001. MTC went through the cycle of change as whole enterprise, calling for change in the management structures and direction across all business units.

External influences as the disruptive technology of networking computers and the rise of the internet lead to a deep crisis at MTC. Describing the term by means of the adaptive cycle if change, the company was in a situation of uncertainty of what they want to do and what can be done. A need for a new direction was no longer deniable. The existing management reached its limit in the crisis situation. According to Abcouwer & Parson, changes may take place by a new management, search for new markets, new partnerships or coalitions and mergers. MTCs' solution approach to the crisis: gain inspiration by a new external manager in order to find a new set of alternatives. The decision for the right alternative and its implementation would be a subsequent challenge. Louis V Gerstner was hired externally and took up the position of the CEO in 1993. He took over the full responsibility for the reconstruction of MTC.

Required

- a) Describe in a preliminary manner the MTCs problems that need to be addressed by the new CEO. (8 marks)
- b) Examine an Organization Development program that would be appropriate for MTC. (10 marks)
- c) Assess the changes you would advise the new CEO to make in order to bring MTC into a new equilibrium. (12 marks)

QUESTION TWO

- a) Organizational Development (OD) is highly relevant to anyone having to work with and through others in organizations. Discuss. (7 marks)
- b) Evaluate the three activities involved in entering an OD relationship. (6 marks)
- c) Describe Diagnosis. (2 marks)

QUESTION THREE

- a) Examine any six characteristics of effective feedback data that have been described in the literature. (6 marks)

- b) Analyze the three major criteria that define an effective intervention. **(9 marks)**

QUESTION FOUR

- a) Sustaining motivation and commitment for making changes has to get explicit attention. Examine six activities that help to sustain the momentum. **(6 marks)**
- b) Discuss the diagnostic issues connected with interventions in interpersonal relationships and group dynamics. **(5 marks)**
- c) Analyze four of the most common reasons for downsizing. **(4 marks)**

