



UNIVERSITY OF RUHUNA

Faculty of Engineering

End-Semester 6 Examination in Engineering: January 2019

Module Number: IS6304

Module Name: Management and Organizational
Behaviour

[Three Hours]

[Answer ALL Questions]

Q1. Read the following case and answer the questions given based on the case.

Jack Welch the CEO of General Electric (GE)

By any objective measure, Jack Welch's 20-year reign as CEO of GE would have to be called an overwhelming success. When Welch took over the head job at GE, the company had a market value of \$13 billion. When he retired in 2001, the company was worth \$400 billion. Its profits in 2000 of \$12.7 billion were more than eight times the \$1.5 billion it earned in 1980.

How did Welch achieve such success? On a strategic level, he redefined GE's objectives for every business in which it operated. He said GE would either be No. 1 or No. 2 in all businesses or get out of them. He dropped those with low growth prospects, like small appliances and TVs, while expanding fast-growth businesses such as financial services and broadcasting. He was obsessed with improving efficiency, cutting costs, and improving performance. To achieve these ends, Welch completely remolded GE in his style-impatient, aggressive, and competitive. In the 1980s, as Welch began his remaking of GE, he picked up the nickname of "Neutron Jack." A play off of the neutron bomb-that kills people but leaves buildings standing-Welch cut more than 100,000 jobs-a fourth of GE's workforce-through mass layoffs, forced retirements, and relocating U.S. jobs to overseas locations with cheaper labor. Jack Welch introduced Rank and Yank-a performance evaluation method-which requires managers to rate subordinates in a hierarchy from top to bottom and fire the employees those who are in bottom rankings while rewarding the high rankers.

Those in the bottom aren't necessarily poor performers, they're just ranked that way because, well, somebody has to be. A frequent criticism of the practice is that it forces managers to sometimes sacrifice otherwise good employees in order to protect those considered more essential. Employees who, for whatever the reasons, end up in the bottom rankings are fired, hence "rank" and "yank," under the assumption that you continually allow the cream to rise to the top. Critics believe the cream may rise, but it leaves too many other good workers to suffer.

He pressured his managers and the employees who remained to drive themselves to meet ever-more-demanding efficiency standards. And he was deliberately impatient when things didn't move very rapidly. For instance, a former technical worker at a GE plant says his unit set aggressive goals every year. "We would meet and beat those goals, but it was never good enough. It was always, 'We could have done more.' We felt the philosophy at GE was that they could replace us in a heartbeat."

When Welch took over GE, he had a vision of creating an organization where people at all levels could be held responsible for their own work, and in the end make decisions for the betterment of their job. Welch characterized this as creating a boundaryless organization in which empowered employees were self-directed and motivated to effectively reach their goals. When Welch became the CEO of GE he found that the company was still organized the way it had been when GE was founded near the turn of the century. Specifically, it was represented by an overwhelming nine layers of management between the shop floor and the CEO. This bureaucracy led to an unresponsive, inward focused company whose employees found great difficulty in communicating with one another. By the end of 1982, Welch addressed this issue by eliminating whole layers of management, consolidating overlapping jobs and business units, and forcing employees at every level to take more responsibility for their own work.

In the plant, equipment operators became responsible for the quality of their own work, reducing the need for inspectors. In effect, employees were given the ability to eliminate those aspects of their job that were unproductive and thus unnecessary. An important aspect of this has been the Work-Out, which has opened the communication channels necessary to help bring about innovative change. Through

Work-Out, thousands of GE employees get an opportunity to get together and share their ideas, thoughts and know-how, while building and fostering a more creative and team oriented atmosphere. The Work-Out encourages communication and accountability with the ultimate goal being to drive above average team performance. By providing each team member with the opportunity to contribute his ideas to the decision making process, Jack Welch's hoped to stimulate individuals to constructively challenge their bosses and promote a more motivated workplace. All Work-Outs included follow-up meetings where previous commitments were discussed and accountability was enforced. Empowerment has been a two-way street. Employees have received the satisfaction of being able to air their concerns, while the company has greatly benefited from insights shared in the Work-Out.

Welch realized that employees come to GE with many different experiences and backgrounds. He did not want to take away from the benefit of those various backgrounds, as much as reshape them with GE philosophies. This is not to say that he wanted a workforce of robots. Just the opposite actually, he wants free thinkers. One of his objectives was to motivate people to think outside the box and challenge the status quo.

- (a) Jack Welch wanted to design GE jobs based on motivational approach. However, in the same time, he tried to avoid the drawbacks of motivational approach. Describe his strategies to avoid the drawbacks of motivational approach on job design at GE.

[5 Marks]

- (b) Explain the Jack Welch's strategies which make an impact on GE employees' innovative behaviour.

[5 Marks]

- (c) Discuss the possible disadvantages of "Rank and Yank" performance evaluation method.

[5 Marks]

(d) Assume that you are the Chief Human Resource Manager at GE during those massive layoffs which may damage the company reputation. You have two concerns: implementing your CEO's decision and laying off thousands of employees. Then, explain your suggestions to manage this layoff process by minimizing the damage to the organization.

[5 Marks]

Q2.

(a) What is meant by the term "Strategic Human Resource Management"?

[2 Marks]

(b) Explain the importance of learning Strategic Human Resource Management for an engineer.

[3 Marks]

(c) Discuss the barriers to effective communication in an organization.

[5 Marks]

Q3.

(a) What is meant by the term "Employee Relations"?

[2 Marks]

(b) Briefly explain the different roles of 'Employee Relations' key actors.

[3 Marks]

(c) Suppose you are the manager of Engineering Division of an organization and planning to conduct a training programme for your employees. Explain possible ways to conduct the needs assessment prior to the training programme.

[5 Marks]