



## UNIVERSITY OF RUHUNA

Faculty of Engineering

End-Semester 6 Examination in Engineering: November 2017

Module Number: IS6304

Module Name: Management and Organizational  
Behaviour

[Three Hours]

[Answer all questions, Q1 carries 20 marks and all the other questions carry 10 marks each]

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

### Toyota Recalls

How Toyota Motor Corporation has often been referred to as the gold standard of the automotive industry? In the first quarter of 2007, Toyota overtook General Motors Corporation in sales for the first time as the top automotive manufacturer in the world. Toyota reached success in past because of its exceptional reputation for quality and customer care. Despite the global recession and the tough economic times that American auto companies such as General Motors and Chrysler faced in 2009, Toyota enjoyed profits of \$16.7 billion and sales growth of 6% that year. However, late 2009 and early 2010 witnessed Toyota's recall of 8 million vehicles due to unintended acceleration. How this could happen to a company known for quality and structured to solve problems as soon as they arise?

However, during the 1990s, Toyota began to experience rapid growth and expansion. With this success, the organization became more defensive and protective of information. Expansion strained resources across the organization and slowed response time. Toyota's CEO, Akio Toyoda, the grandson of its founder, has conceded, "Quite frankly, I fear the pace at which we have grown may have been too quick."

Vehicle recalls are not new to Toyota; after defects were found in the company's Lexus model in 1989, Toyota created teams to solve the issues quickly, and in some cases the company went to customers' homes to collect the cars. The question on many people's minds is, how could a company whose success was built on its reputation for quality have had such failures? What is all the more puzzling is that brake problems in vehicles became apparent in 2009, but only after being confronted by United States transportation secretary Ray LaHood did Toyota begin issuing recalls in the United States. And during the early months of the crisis, Toyota's top leaders were all but missing from public sight.

The organizational structure of Toyota may give us some insight into the handling of this crisis and ideas for the most effective way for Toyota to move forward. A conflict such as this has the ability to paralyze productivity but if dealt with constructively and effectively, can present opportunities for learning and improvement. Companies such as Toyota that have a rigid corporate culture and a hierarchy of seniority are at risk of reacting to external threats slowly. It is not uncommon that individuals feel reluctant to pass bad news up the chain within a family company such as Toyota, thus keeping information from those who need to hear it in a misguided effort to protect them from losing face. In many firms, including Toyota, family ties make challenging the boss all but impossible. Any attempt to short-circuit the hierarchy is deemed an act of disloyalty and a violation of the traditional consensual corporate culture. Groupthink becomes entrenched because there is so little mobility between companies: hiring from outside is thought to disrupt a firm's internal harmony, and an executive willing to move will be stained as a disloyal "job-hopper". This further hinders firms' ability to take bold, decisive action. The preference for harmony crowds out alternative viewpoints.

The lack of an outside perspective is particularly striking in the case of Toyota's board. Toyota's board of directors is composed of 29 Japanese men, all of whom are Toyota insiders. Most of the rest of Japan Inc is just as lacking in diversity, apart from a couple of honourable exceptions, such as Sony and eAccess.

Indeed, there is a greater percentage of women on boards in Kuwait than in Japan. As a result of its centralized power structure, authority is not generally delegated within the company; all U.S. executives are assigned a Japanese boss to mentor them, and no Toyota executive in the United States is authorized to issue a recall. Most information flow is one-way, back to Japan where decisions are made.

Will Toyota turn its recall into an opportunity for increased participation for its international manufacturers? They might want to use the incident to reconsider their own internal workings, too.

(Source: *Organizational Structure: The Case of Toyota and Accelerating in to Trouble*)

- (a) Name the type of organization structure of Toyota and describe its characteristics with examples.

[4 Marks]

- (b) Explain the effect of Toyota's organization structure on employees' innovative behaviour.

[4 Marks]

- (c) Assume you are the Human Resource Manager at Toyota, and discuss the possible ways of transforming newly recruited employees to match with Toyota's corporate culture.

[6 Marks]

- (d) Assume you are the newly hired Management Consultant for Toyota. Explain your suggestions to avoid quality problems and regain the brand image of Toyota.

[6 Marks]

Q2. (a) What is meant by the term 'Cognitive Dissonance', explain the term with a suitable example.

[4 Marks]

(b) You are the owner of a small-scale engineering consulting firm and all the employees are engineers. You decided to make a marketing campaign for the services of the company. However, there are two options: outsource the marketing campaign to an advertising firm or to conduct the campaign by the current employees. Which option do you use for the marketing campaign? Justify your answer with suitable examples.

[6 Marks]

Q3. (a) Discuss the advantages of Multi-Rater Assessment of 360 Degree Feedback in Performance Appraisal for the employees and organization.

[5 Marks]

(b) You are a Senior Manager of a company and planning to conduct a training programme for 20 employees. Explain the possible ways to evaluate the training programme.

[5 Marks]

Q4. (a) "Conflicts among members on group tasks always gain negative results". Critically evaluate this statement.

[5 Marks]

- (b) Assume you are a newly appointed Project Manager for a civil engineering project. Briefly explain five conflict resolution techniques that you may apply in this project in future.

[5 Marks]

- Q5. (a) Describe the possible barriers towards effective communication in an organization.

[5 Marks]

- (b) You are the newly appointed Manager for a semi-state organization where you find rumours make a significant impact on day to day office works. Few of employees were dismissed by the management without proper investigation and some employees work with dissatisfaction due to the negative rumours that other employees spread about them. You wanted to eliminate these rumours at workplace, but realized it is difficult to entirely remove such. Hence, explain your actions to manage this situation.

[5 Marks]