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SVKM'S NMIMS UNIVERSITY

Course : Distance Learning SEM-II
Subject: Organization Design, Development & Change
Time : 3 hours (3 pm to 6 pm)
DATE: 29.12.2009

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Marks : 100

DHRM / PDHRM - SEM II

Q.1. Attempt any two out of the following four:

(Marks-10)

- a. Why are organizations called 'open systems'?
- b. What is span of control?
- c. What is unity of command and why is it relevant for an organization?
- d. Decentralization benefits organizations. Explain this statement.

Q.2. Write short notes on any 3 out of 5:

(Marks-15)

- a. MBO
- b. Organic vs. Mechanistic organizations
- c. Line organization structure
- d. Functional organization structure
- e. Matrix organization

Q.3. Attempt any 3 out of 5

(Marks-45)

- a. What is organization design? What is the necessity of organization design? What are the factors affecting Organization Design?
- b. Explain job rotation, job engineering, job enlargement, job enrichment and socio-technical system.
- c. What is Organizational Analysis? How does it contribute to designing an organization?
- d. What is Organizational Development? What factors contribute to the success of OD?
- e. What is planned change? How does one manage resistance to change?

Q.4. Case Study

(Marks-30)

Venkatesh Apparels based in Andheri, Mumbai is a fashion specialty retailer that operates 61 full time stores in 14 states. In 1996, sales were more than Rs. 400 crores. Venkatesh demonstrates a high degree of focus on diversity. Since 1989, Venkatesh has had a Supplier Diversity Program that purchases goods and services from women and minority-owned businesses. In 1994, Venkatesh introduced Venkatesh Partnership, a set of guidelines for its foreign and domestic partners. The guidelines focus on five areas: legal requirements, health and safety standards, employment practices, environmental standards, and documentation and inspection. For example, the guidelines prohibit the use of child or forced labor to produce goods for Venkatesh.

The level of customer service and amount of sales per square foot represent the most valuable measures of success in a retail environment. Venkatesh is consistently a leader in the retail industry in both categories. The Venkatesh corporate philosophy places this responsibility in the hands of the

sales force. Because the company's prosperity depends on the efficacy of its sales associates, their motivation is crucial. Venkatesh explicitly defines its job expectations for employees and corresponding rewards in the form of promotion, salary increases, liberal merchandise discounts, and other benefits. Venkatesh has identified three performance categories in which it expects sales associates to excel: customer service, team-work, and productivity. Each new Venkatesh sales associate must attend an orientation session where he or she receives a list of qualities, known as the Expectation List. Demonstration of product knowledge and always putting the customer first indicates exemplary customer service; the notion of a customer being "our" customer rather than "my" customer illustrates team-work; and prompt and satisfactory completion of assignments and projects demonstrates an employee's productivity.

Through actively practicing the attributes on the list, associates display their commitment to the values that Venkatesh promotes. Department managers evaluate the overall performance of sales associates in terms of the qualities identified in the Expectation list and a 'Stars list' is posted every fortnight. People scoring highest on attributes are on the top. A common question that Venkatesh managers ask their sales associates is: "Where are you on the list?" Sales associates ranked among the top 25 percent of employees in their departments gain additional responsibilities and serve in a managerial capacity in the department manager's absence. These top ranked employees typically receive the first chance at filling vacated managerial positions.

Sales associates determine the level of compensation they want to receive, which is based on their productivity. Through program called Write Your Own Paycheck, employees state the amount of commission they want to earn during a particular pay period. Once the associate has settled on a rupee figure, the productivity level needed to attain it can be calculated. Thus the sales associates can determine in advance the effort required to reach a desired financial outcome. Venkatesh sets an annual sales and customer service goal within each department, which is known as the Finishing Line. All employees have a fair chance of meeting the goal and attaining Ace Runner status – an elite group of top sales people. Associates receive a calendar page to chart their progress in meeting this goal. Bulletin boards in each stockroom serve as a constant reminder of everybody's status. Ace Runners receive a 33 percent house discount, an awards dinner dance in their honour sponsored by the Venkatesh family, recognition in the Venkatesh newsletter, special business cards reflecting the award, and mounted photographs in the stores. Sales associates know the requirements for becoming an Ace Runner and can adjust their efforts accordingly.

QUESTION: What principles of Organizational Design does Venkatesh use to reward its employees? Explain in detail.