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## UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2018

Program: BBA AVO/E-Com  
Subject (Course): Organizational Behaviour  
Course Code : HRES2001  
No. of page/s: 4

Semester – IV  
Max. Marks : 100  
Duration : 3 Hrs

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### SECTION A

20 marks

1. *Write short notes on the following:*

4 x 2 marks = 8

- (i) Motivation
- (ii) Conflict
- (iii) Politics
- (iv) Organizational Culture

2. *Differentiate between the following:*

4 x 3 marks = 12

- (i) Legitimate Power vs. Expert Power
- (ii) Stories vs. rituals (with reference to organizational culture)
- (iii) Servant vs. transformational Leadership
- (iv) Equity theory vs. expectancy theory

### SECTION B

4 x 5 marks = 20

*Note: Attempt any four.*

- 3. Explain the stages of group formation. Also highlight types of formal groups.
- 4. What do you understand by conflict at workplace? What are different approaches to resolve conflict?
- 5. Why change is important for an organization? What are various barriers of organizational change?

6. Name five business leaders along with their leadership style. Why you consider them as great leaders?
7. What are the seven primary characteristics of organizational culture? Under what situation, organizational culture can become liability?

### SECTION C

**2 x 15 marks = 30**

8. (i) Consider a situation in which an employee's superior gives him instructions to carry out certain tasks that are against his values and principles. The employee is faced with the dilemma of whether he should obey his superior's orders or act according to his personal values and principles. The employee thus experiences a conflict. Discuss the concept of attitude that best explains such a situation and what are the effects of this conflict on employees and organization?  
(ii) "People in their third or fourth job seek opportunities to contribute their best to their organizations, while people in their first or second job are motivated purely by the pay checks." Correlate this finding to Maslow's theory of Hierarchical needs.
9. Frank Lorenzo had a dream from the very childhood to own an airline. He grew up in New York City in the shadow of LaGuardia Airport, became fascinated with the airline industry and vowed one day to be an owner of a major airlines.  
He and a friend invested \$ 25 each in 1969 to start an airline consulting firm called Jet capital. In 1971, they took control of a small regional airline known as Texas International. He was successful in running this airline and was able to take over a major carrier, continental Airlines, in 1981.  
Being an aggressive and determined decision maker, Lorenzo decided to streamline the operations of continental Airlines. He authorized a detailed and analytical study of its cost structure and concluded that the overhead costs were too high, especially the labor costs. His study indicated that the labor costs for US Airlines was about 2 percent higher than the comparable labor costs of international carriers. He decided to take steps to lower the labor costs.  
Lorenzo asked the labour unions to negotiate lower wage rates in order to make continental Airlines more Competitive. The union refused. Lorenzo was adamant and struck to his position that labor costs had to be reduced and he refused to consider other options. In a bold move in 1983, Lorenzo declared bankruptcy for continental Airlines to break the existing labor contracts and employ non- union workers at a much lower cost.  
Even though the labor union became his enemy, he was able to hire new employees at lower cost. Continental was able to reduce fares and increase its market share rapidly. In 1986, Lorenzo made a series of bold moves and acquired People's Express Airline, Frontier Airlines and Eastern Airlines, which was one of the largest airlines in America. Eastern Airlines, at this time, was having its own trouble with its labor unions and these unions were very strong and enjoyed tremendous power in negotiating settlements with

the management. Lorenzo's acquisition of eastern Airlines made the unions even more determined to get what they wanted.

During Negotiations, virtually every concession he requested from labor was denied. The union went on strike in 1989. Lorenzo, once again took eastern into bankruptcy, hoping to repeat the success of the continental experience. It did not work. The unions were too strong. Eventually, his control of eastern was taken away from him by the courts. In 1990, he also relinquished Texas Air and in January 1991, Eastern Airlines was shut down once and for all.

In a bold attempt to come back into the airline industry, Frank Lorenzo applied to start another airline named ATX to serve East Coast Points from the Washington area. His bid has been opposed by the unions who consider him as a destroyer of airlines. His bid may or may not be approved but he has become the most controversial and perhaps most disliked person in the airline industry because of his tactics in managing an airline.

- (i) Discuss the personality traits of Frank Lorenzo and establish whether he is a type A or type B personality.
- (ii) How did the attitudes of both Lorenzo and the unions affect the operations of Eastern Airlines?

## **SECTION D**

**30 Marks**

### **10. Case let**

Akrur Chemicals Ltd. (Akrur), was a leading supplier of chemicals for various drug manufacturers in India. But slowly, the company lost most of its clients to its competitors. Akrur supplied quality chemicals but at a premium price, whereas its competitors delivered chemicals of similar quality at very low price. Therefore, most of Akrur clients shifted their loyalty to its competitors.

When Akrur's MD Chaitanya Sarathi (Sarathi) observed this, he lowered the price of the chemicals to attract clients. As a result sales increased. The production capacity was increased and the workers were put on longer shifts to meet the demand. Akrur, however, failed to cut down on manufacturing costs. The margins, therefore, began to fall. Workers pressurized Sarathi to increase their wages. Supervisors and manager were also dissatisfied with their salaries. They were not given any incentives for increasing output and the increment in salary was also nominal. The financial position of the company did not allow Sarathi to increase wages and salaries liberally. Frustrated with the situation, Sarathi approached the HR manager, Jayant Sarkar (Sarkar), to find a solution to his problems.

After listening to Sarathi's problem, Sarkar suggested to Sarathi that he should empower shop floor workers, promote teamwork environment in the organization and share profits with employees. Although he hesitated to do so initially, Sarathi later accepted the

suggestion after Sarkar explained how these measures could motivate employees to work out innovative solutions for organizational problems. The next day Sarathi called a meeting and communicated to all the workers, supervisors and managers that the company would promote team culture and share a significant percentage of the profits with employees. Sarkar then explained the role of the employees in successfully implementing the culture and sought their cooperation.

The employees were given training to work in teams; the teams began to operate at Akrur. Within a few days of implementing the idea of team culture in the company, the top management received reports of arguments taking place between employees and managers. It came to be known that one of the managers, Narayan Murthy, had asked the employees to carry out a particular task in a particular way. The employees refused and performed the task in the way they felt was right. Many other managers faced similar experiences. According to some sources, by performing the tasks in their own style, the employees were able to finish the tasks much quicker. However, the managers were not happy and complained that “team Culture’ was leading to indiscipline among employees. They forecasted that such behavior would be detrimental to the company and requested top management to roll back the implementation of ‘team culture’.

The introduction of team culture at Akrur led to the elimination of the position of middle managers and supervisors. Most of the middle managers and supervisors, who would have lost their jobs otherwise, were given the role of team leaders or coaches or mentors. They offered training to employees in multiple skills and counseled employees who were stressed due to the increased workload. Most of these team leaders complained to the top management that employees ignored the instructions. They gave and instead insisted that team leader should implement their suggestions.

The top management had a tough time resolving these conflicts. The senior managers were so frustrated with the employees, grievances that they wanted to give up their experiment with teams. But Sarathi and Sarkar did not give up. They were confident that they would find a solution and implementing the concept of teamwork would result in success for the company.

**Questions for Discussion:**

- (i) Team encourages cohesion and coordination among employees. Why do you think, there were conflicts between team members and leaders in Akrur after the introduction of the idea of working in teams? What could Sarathi have done to avoid this situation?

(ii) Sarathi and Sarkar strongly believed that tem work would enhance organizational performance. Do you support their view? If so, what do you think they can do to resolve the organization-wide conflicts that are taking place? If not, explain the reasons.