

**K. J. Somaiya Institute of Management Studies & Research**

**Course: PGDM/MMS (HR) – 2018 – 20**

**IV Trim End Term Exam**

**Subject: Organization Theories Structures and Design**

**Max. Marks: 50**

**Duration: 3 hrs**

**Date 23/9/2019**

**Instructions:**

**Q 1 and 2 are compulsory**

Attempt **any three** out of questions 3-7

**CASE 1**

**THE NEW AT & T**

In January 1982 the U.S government announced that it was breaking up the Bell System. Bell's general structure, at that time, is shown in Table 1.

On January 1, 1984, the final step in the breakup became a reality. The "new" AT&T is shown in Table 2. This reorganized company would no longer monopolize the U.S telephone system. Its operating telephone companies would become independent firms. In return, AT&T would be allowed to compete in the telecommunications and computer markets against the likes of IBM, Xerox, and the Japanese. To understand the impact of this change, you need to know about AT&T's past and its organization culture.

Table 1 The "Old" AT& T (January 1982)

<b>AT &amp; T Corporate Headquarters</b>	<b>13,302 Employees</b>
Long lines (interstate Long Distance)	42,834
AT&T International	530
Bell Labs	24,000
Western Electric	159,862
22 operating companies	798,000
<b>Total</b>	<b>1,038,528</b>

Table 2 The "New" AT&T (January 1984)

<b>AT&amp;T Corporate Headquarters</b>	<b>2,000 Employees</b>
AT&T Communications (interstate and some intrastate long distance)	120,000
AT&T International	900
Bell Labs	19,000

Western Electric	135,000
7 independent regional companies	580,000
Central Services Organization (research and systems engineering group owned by the 7 regionals)	8,800
AT&T Information Systems	110,000
<b>Total</b>	<b>975,700</b>

A symbol of AT&T's historic culture is the print of Angus McDonald, a nineteenth-century Bell System Lineman, fighting to keep the telephone lines open during a blizzard. A long time feature of AT&T office decor, the print symbolizes the company's commitment to service. AT&T's culture developed around an incredibly strong service ethic. Employees did what they felt was best for its customers, regardless of what the customers actually wanted. Western Electric, its manufacturing subsidiary, could make phones that would survive falls from twenty-story buildings, and it passed the costs of such phones on to its customers because it had no competition.

Managers, too, were molded to excel in a regulated, monopolistic environment. The road to the top was through operational and technical departments rather than through marketing. The organization was mechanistic, organized around functions, and dominated by engineers. It attracted to its management ranks many who had a high sense of mission and who needed a structural environment and security. Ma Bell took care of its people.

The new AT&T must be a very different company from its predecessor. Its biggest challenge will be to alter its culture to be more competitive and aggressive. Its manufacturing-oriented culture encouraged taking too much time and too much money to make a product. A marketing culture will be geared to supply customers with what they need quickly, and if that includes lower quality phones and dozens of options, so be it!

AT&T is trying to liberate middle managers by delegating more authority downward, emphasizing team work, and encouraging risk taking. But the change does not come easily. AT&T's management seems to be divided into one of two camps: those caught in the past and those living for the future.

### Questions

1. Describe how AT&T's environment, organizational design, culture, and effectiveness are interrelated (10 marks).
2. What advice would you give AT&T's management for changing its culture? (10 marks).

3. Discuss briefly the various approaches to understand organization effectiveness? (10 marks).
4. Describe the inter-relationship between strategy and structure giving special reference to Miles & Snow **OR** Michael Porter (10 marks).
5. What is the difference between economies of scale and economies of scope? Give an example of how a soap manufacturing company can use economies of scope and economies of scale to achieve cost savings. What is 'transfer price'? Discuss the concept with an example (10 marks).
6. 'Technology influences choice of organization structure' Explain the given statement using Perrow's Contribution (10 marks).
7. Short notes **any two** (5\*2 marks)
  - a. Principles of bureaucracy
  - b. Open system
  - c. Carnegie model
  - d. Strategies to manage revolutionary change

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