

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,**

**Vidyavihar, Mumbai- 400077**

**Program: PGDM/ (Batch2017-19), Trimester I**

**Subject: Leadership and Organization Behavior**

**(End term Examination)**

**Maximum Marks: 50**

**Duration: 3 hours**

**Date:23<sup>rd</sup> Sept./2017**

**Instructions**

**Questions 1-2 are compulsory**

**Attempt any 4 from question number 3-7**

**Case: Teamwork Challenges at Stryker Corporation**

The Stryker Corporation was built on innovation. “When Dr. Homer Stryker, an orthopedic surgeon from Kalamazoo, Michigan, found that certain medical products were not meeting his patients’ needs, he invented new ones. As interest in these products grew, Dr. Stryker started a company in 1941 to produce them. The company’s goal was to help patients lead healthier, more active lives through products and services that make surgery and recovery simpler, faster and more effective.”

Homer Stryker started Orthopedic Frame Company to sell devices for moving patients with spinal injuries. A short time later he invented the first power tool — the oscillating cast saw — for removing plaster casts after patients' broken bones had healed. After that, the company began providing hospital beds. These early initiatives, the oscillating cast saw, in particular, formed the foundation of what is now the Stryker Corporation, one of the leading companies in the worldwide market for orthopedic devices. Stryker employs over 15,000 people with most of its operations being in the United States, Europe, and Japan. As a leading medical technology company and one of the largest in the global, multi-billion dollar orthopedic market, the range of products that Stryker manufactures is amazing –replacement joints such as shoulders, knees, and hips; high technology tools like imaging systems that help surgeons reconstruct body parts; and a variety of other medical devices and products, including surgical tools and hospital beds.

One of Stryker's recent orthopedic innovations was a navigation system for hip replacement surgery that permitted surgeons to observe via a computer screen the precise positioning of a hip prosthesis. Due to the nature of the procedure, the navigation system had to have the capability of withstanding the various physical stresses put on the equipment, including pounding with a surgical hammer. In addition, the navigation system — especially its sophisticated electronics — had to survive repeated sterilization under 270-degree-Fahrenheit steam pressure. However, shortly after field testing of the hip replacement navigation system began, significant problems were discovered. Numerous complaints were received from surgeons and the systems were returned to Stryker. Examination of the returned units revealed that the precision electronics of the system frequently failed and metal parts were broken or damaged.

Finding a solution to the navigation system problems was assigned to Klaus Welte, vice president and plant manager for Stryker's Freiburg, Germany facility, which was acquired in 1998. Under its previous owner, Leibinger, the Freiburg facility had developed a magnetic imaging navigation system for use in neurosurgery. After the acquisition by Stryker, the Freiburg facility applied its expertise to developing other surgical tools, including ones for orthopedics. Thus, the Freiburg facility was given the responsibility for solving the problems with the hip replacement navigation system.

Welte's first challenge was assembling a team to work on solving the navigation system problem. Welte believed that the team's success "would require both a clear view of what had to be accomplished and a deep understanding of each team member's abilities." Welte assembled a team of the best people at Freiburg in operations, computer-aided design, engineering, and research. One team member was talented in structural analysis, communication, and follow-through. Another member provided the 'social glue, for the team and would never stop until all tasks were complete. Still another team member was an organizer who helped keep the team on task and from rushing ahead before it was ready. Yet another team member was especially knowledgeable regarding how a product design will successfully survive the manufacturing process. Another person was noted for highly innovative — indeed visionary — product design ideas.

Although each team member's abilities were important, how those abilities fit together was equally important. According to Welte, "Creating an effective team requires more than just filling all the job descriptions with someone who has the right talent and experience. ... By no means can you substitute one engineer for another. There are really very, very specific things that they are good at ... and how well the team members' abilities combine is as important as the abilities themselves." How well the Stryker team jelled became evident in their approach to problem-solving.

Due to the number of problems with the hip replacement navigation system, the

Freiburg team addressed each problem separately, beginning with the most crucial issue and working down to the relatively minor problems. The solution for each problem was thoroughly tested before moving on to the next issue. Consequently, the team did not have a fully assembled prototype until all the problems were addressed. This approach proved successful, both in terms of the ultimate success of the prototype design and the team working effectively together as problem-solvers. In the first nine months after the redesigned hip replacement navigation system was released, the company did not receive a single complaint from surgeons — an incredible achievement for complex surgical equipment. Additionally, the navigation system quickly contributed to double-digit growth in worldwide sales in Stryker’s medical and surgical equipment segment.

Although the redesigned hip replacement navigation system proved reliable and essentially problem-free, not the same can be said for the orthopedic hip implants themselves, the surgical insertion of which is guided by the navigation system. There were ongoing problems with the actual hip replacement joints manufactured by Stryker. The United States Food and Drug Administration (FDA) issued a total of three warning letters in less than a year’s time regarding recurring quality problems. As Jon Kamp, a reporter for *The Wall Street Journal*, observes, “[s]uch letters require demanding and sometimes-costly changes and can be hard to shake. They also may crimp approval for certain new products, although Stryker doesn’t have many new products likely to feel an impact.” As an incentive for managers to “resolve quality control deficiencies and achieve world-class systems, Stryker ... [decided to] link 25% of each senior executive’s and division president’s annual bonus to this issue.”

In addition to the quality issue, Stryker, as well as four other companies — Zimmer Holdings Inc. and Biomet Inc. of Warsaw, Indiana, the DePuy Orthopaedics unit of Johnson & Johnson, New Brunswick, New Jersey, and Smith & Nephew PLC of London, England — were charged by the United States government of financially rewarding "doctors who selected a company's hip and knee implants, even when they weren't necessarily the best for a particular patient." All but Stryker agreed to pay \$310 million to settle the government's claims of the companies violating anti-kickback laws, whereas Stryker only agreed to government supervision; none of the companies admitted any wrongdoing. A subsequent subpoena from the United States Department of Health and Human Services (HHS) sought information on the anti-kickback settlement; Stryker characterized the HHS request for information as "oppressive and overly broad." The matter is still playing out in court as this case is being written.

### **Discussion Questions on case (2\*5 marks)**

1. Does the above case show functioning of effective group or team? Justify your stance by using the key differentiators between groups and teams.

2. Describe how the task functions and maintenance functions are operating within the Freiburg team. Explain why diversity and creativity are important to the effective functioning of the Freiburg team. How could Stryker utilize insights gained from the experiences of the Freiburg to address the ongoing quality problems with the actual orthopedic implants?

3. Zappos staffers, from call center representatives to bloggers, to warehouse workers, absolutely LOVE their jobs. CEO Tony Hsieh believes it all starts with the culture and a focus on employees. Among the core values at Zappos is "create fun and a little weirdness," including parades, pajama parties, and happy hours. A typical interview question is "How weird are you?" There's a nap room, fully paid medical and dental benefits, flexible work hours, and free food and drinks. Zappos also provides a full-time life coach. The rationale for the coach is that workers can't provide great customer service if they're upset. Another Zappos value is "deliver wow." Wowing customers is the top priority. Call center employees don't use a script, and they're encouraged above all to be creative. Shipping is free both directions, and if Zappos doesn't have the shoe you want, they'll direct you to a competitor who has it. Seventy-five percent of Zappos purchases are repeat business.

Using **any one** of the following models explain the above case study on Zappos (10 marks):

- a. ABC of attitudes and how can you apply it in the Zappos case
  - b. Affective events theory and how can you apply it in the Zappos case
4. 'When hygiene factors are adequate, people will not be dissatisfied; neither will they be satisfied'. The above statement refers to a particular theory of OB. Discuss the theory with relevant examples. (10 marks)
5. Discuss with examples the factors that create and sustain organization culture. (10 marks)
6. Why do organizational structures differ and what is the difference between mechanistic and organizational designs. (10 marks)
7. Short note on any two. (5\*2marks)

- a. Leslie is a middle-level production manager at the California branch of ALT Corp. ALT Corp. is an automobile manufacturing company that specializes in the manufacture of heavy motor vehicles. Leslie's job is to supervise his assembly line employees. Leslie has worked in this position for over four years and he strongly believes that a supportive leadership

style is most suitable in this context. Which of the following, if true, would weaken Leslie's approach to leadership in this case? **Please state your reasons for the same.**

- i. The company is planning to lay off some employees in the near future.
  - ii. The company has stopped the production of most of its older models as it wants to focus on the most profitable models.
  - iii. The assembly line jobs are routine and highly structured by nature.
  - iv. The recent round of OSHA inspections revealed that many assembly line employees were not complying with stipulated safety measures.
  - v. The company's workforce is comprised primarily of employees of the baby boomer generation.
- b. What are the various individual factors that make a person more likely to engage in political behavior?
- c. Difference between distributive and integrative bargaining.
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