

MGMT 725 (MGMT625)– Change Management

Midterm Solved Questions

Question: Strategic management domain

Within the strategic domain we have two concerns: One is Strategy formulation, that is formulating mission, vision and objectives after going through environmental assessment (a key feature of strategic management), and second pertains to strategy implementation means organization structure, culture and politics. While the whole focus of the popular framework of strategic management is the development and sustenance of competitive advantage of a firm or organization, at multiple levels of strategy making – functional, business, corporate and societal levels.

Question: What is the difference between Selection and adoption?

One such empirical study conducted by Carroll found the role of strategy in a way that the timing of Executive succession was found to be an important factor in organization survival. Similarly in biological sense, adaptability is an individual behavioral phenomenon. Penning stressed the role of adaptation and according to him, “Organization will maneuver themselves in their environment, so as to acquire optimum external control and will shift their disposition whenever environmental conditions dictate.” To him entrepreneur is a “volitional individual” who enters an environment and make strategic choices that ensure the best transactions with the environment.

Question: What are the Evolutionary Thinking Features?

The same concept is known as evolutionary thinking. Now change managers, CEOs and consultants want to make organization as an evolutionary organization. The evolutionary thinking is described to entail the following features:

1. All events are time bound.
2. No such thing/phenomenon is absolute.
3. Focus on historical particular for explaining causation.
4. Study of context is important.
5. The theory also accounts for diversity of the organic world.
6. Account for variations in organizational strategy and its structure.

Question: What is the Dialectical inquiry process?

In this exercise each member/participant has unique information, knowledge, experience or perspective that may be shared via discussion or interaction. The focus in this activity is consensus– seeking; therefore unlike of Devil’s Advocates here consensus building behavior is important by resolving decisional-conflict in the group.

Steps in Dialectical inquiry process:

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1. A decision making group is divided into two-sub groups, each of which will be involved in the analysis and solution of the problem at hand.
2. One sub-group develops recommendations and supports them with all key assumptions, facts and data – all of which are provided to other sub-group
3. Now in dialectical inquiry – second sub-group develops plausible/alternate assumptions that negate those of the first, and then uses new assumptions to construct counter-recommendations.
4. The debate continues until they agree on a set of assumptions – and then unite to develop recommendations

Question: What is Devil advocacy?

In this technique (usually internal consultants) managers play a deliberate role of devil's advocate while planners present their recommendations like experts. The focus is what is wrong with the plan and why it should not be accepted? The assumption behind this activity is that truly good plan will survive the opposition in the form of devil's advocacy. Managers (playing Devil Advocate) does not develop a new world view rather just criticize massively the plan. The role of managers' behavior is destructive rather than constructive. And this may psychologically demoralize planners' and may result in planners psyche to develop safe plan rather than a progressive one.

Question: Differentiate between devil's advocacy and dialectic inquiry.

This is different from devil's advocacy as the second groups here come up with a formal critique, expounding flaws as why these recommendations should not be accepted but offers no alternative.

In Devil Advocacy, the first group revises its assumption and recommendations to satisfy valid objections of the second group and then presents recommendation for second round of critique. The process continues until both sub-groups accept the assumption and planning recommendations. Hence the role of second sub-group differs in each case. Nonetheless whatever type organization proceeds with dialectical conflict and dialectical inquiry can be used as an effective tool to evolve corporate and strategic planning.

Question: List down basic perspectives for interpreting organization actions 3 mks

Therefore research on organization as routine adaptive systems emphasize six (06) basic perspectives for interpreting organization action which are as under:

1. Rule following
2. Problem solving
3. Learning
4. Conflict

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5. Contagion

6. Regeneration

1. Rule Following

Application of standard operating procedures (SOPs), duties, obligation, roles, rules, and criteria evolve through competition and survival, and those followed by organizations that survive, grow and multiply come to dominate the pool of procedures

2. Problem Solving

Action can be seen as problem solving. The underlying process involves choosing among alternatives by using some decision rule that compares alternatives in terms of their expected consequences. It is the rational actor model which prevails in organizations. Managers make rational choice under certain conditions of risk and cost-benefit analyses.

3. Learning

Action can be seen as stemming from past learning. The underlying process is one in which an organization is conditioned through trial and error to repeat behavior that has been successful in the past, and to avoid that has been unsuccessful. Learning is what can be identified as experiential in nature.

4. Conflict

Action can be seen as resulting from conflicting among individuals or groups representing diverse interests. The underlying process is one of confrontation, bargaining and coalition, in which outcomes depend on the initial preferences of actors weighted by their power. Edgar Schein talked of negotiated order to exist in context of organization. Changes result from shifts in the mobilization or in the resources managers' control. This change is again a negotiated one by different members of organization who want to adjust policies as per their understanding view and influence in organization. This model is the one based on politics. Members of organization interact in a political manners and change results in a politically negotiated settlement amongst them. Another view relates to the pecking order in organization – explains the existence of hierarchical or top down order in organizations.

5. Contagion (infection)

Action can be seen as spreading from one organization to another. The underlying processes is one in which variations in contact among organizations and in the attractiveness of the behavior or beliefs being imitated affect the rate and pattern of spread.

6. Regeneration

Action can be seen as resulting from the intentions and competencies of organization actors. Turnover in organization introduces new members with different attitudes, abilities and goals.

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This resembles organization life cycle approach and is quite like birth, growth, maturity and decline.

An organization uses rules, problem-solving, learning, conflict, contagion, and regeneration to cope with its environment and actively adapt to it. The processes are conservative that is they tend to maintain stable relations, sustain existing rules, and reduce differences among organizations. The above six processes are neither esoteric (mysterious), complicated nor mutually exclusive.

Question: List down main features of evolutionary thinking? 3 marks

The evolutionary thinking is described to entail the following features:

1. All events are time bound
2. No such thing/phenomenon is absolute
3. Focus on historical particular for explaining causation
4. Study of context is important
5. The theory also accounts for diversity of the organic world.
6. Account for variations in organizational strategy and its structure

Question: How did a scholar, winter, relate quality management movement (QMM) to evolutionary theory of change?

Winter, a scholar, links QMM from evolutionary economic characterization of a firm to evolutionary economic theory. There are three aspects of organization changes:

1. Corporate knowledge resides in the organizational capabilities embedded in organizational routines. These routines do not arise from isolated managerial decisions but from a process of organizational learning. These routines have a large tacit component of learning.
2. There is no sharp distinction between the firm's technical and organization component. Systematic routines may result in creating opportunities for improvement.
3. The capabilities of a firm are not from universal technical hand book but are idiosyncratic (individuality or personality) outcome of unique firm histories (evolving) Mr. Winter relate the QMM to evolutionary theory of change. According to that,
 - 1- Systematic routines can give the result in producing opportunities for more improvement.
 - 2- Firms are not coming from books; these are coming from evolution and histories.

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Question: List down some of the features of 'Coordination phase'.

Features of this phase are:

- Numerous staff managers are hired at headquarters (HQ) to initiate companywide programs of control and review for line managers.
 - Capital expenditure related decisions are carefully made.
 - Each product group is treated as an investment centre where return on investment (ROI) is an important criterion for funds allocation.
 - Stock options and profit-sharing schemes used to encourage identity with the firm as a whole.
- HO-subsidiary dynamics (HQ- branch relationship) come to play as a factor in organization growth or performance.

Question: Explain competency multiplier with the help of an example.

Organizations have procedure to involve relevant people in processes such as decision-making, planning, budgeting or the like. Individual vary in their knowledge, skills and interests about a problem. Initial participation rate vary and participating individual turn out to be slightly more competent than others. This induces them to become even more competent. Before long, the de facto composition of the group can change dramatically (than initially conceived). More generally organizations learn from experience, repeating actions that are successful. As a result they gain greater experience in areas of success than in areas of failures. This seems sensible and logical. The sensibleness of such specialization depends on the learning rate and rate of change in environment.

The process can easily lead to misplaced specialization if there are infrequent, major shifts in the environment (increased specialization lead to increased dependence and hence org. is vulnerable to change).

Question: Discuss leadership crises with respect to organization and how this can be managed? 5 marks

As company grows, needs larger production, needs specialized knowledge about the efficiencies of manufacturing, marketing and finance or capital, therefore needs increased number of professional people in all functional areas. All this cannot be managed at an informal level. Formalization, proceduralism and bureaucratization come into play for better financial and managerial control.

Founders found themselves with unwanted managerial responsibilities. They still try to act it in the past ways. Owners enter into conflict with managers. This issue is cited as agency theory in

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corporate governance and strategic management courses. At this point crisis of leadership occurs – the first revolution. Founders, often hate to step aside even though they are probably temperament wise unsuited to be managers. So the developmental choice for founder is to choose strong manager and step aside for perpetual growth or select weak manager and compromise on growth.

Question: Describe relationship of structural inertia with the size of organization. 5

The structural inertia depends on the size of organizations. The larger an organization, the greater the structural inertia and the more control the organization can exercise over the environment (in-real life large organizations seem quite powerful to shape or influence environment). Another scholar empirically says “the few organizations that survive infancy owe their above average longevity to wise governance”

Therefore ecologists claim that inertia restricts adaptation and consequently enables selection forces to dominate over adaptive strategy of the organization somewhat holds less ground. Going by this concern that small organizations lack inertia and should have better adaptability to environmental changes.

Question: Why organizations use devil’s advocacy approach in decision making process? 5

Question: Enlist different phenomena that make change complex? 3

These five phenomena make change complex which are listed below:

1. Unanticipated Consequences of Ordinary Action
2. Solution Driven Problems
3. The Tendency for Innovation - And Organizations to Be Transformed During the Process of Innovation
4. The Endogenous Nature of Created Environment
5. The Interaction amongst System Requirements of Individuals, Organizations and Environment.

Question.No.1: Differentiate between Lamarckian and Darwinism approach. 5 Marks
OR

Question: Why do most analysts believe that Lamarckian view on the acquisition of traits is more appropriate than strict Darwinism for organization and management applications? 5 Marks

There are two theoretical approaches further within the evolutionary school which differ in terms of how traits are inherited, the rate of change and unit of analysis. One is Darwinian approach which believes that organization traits are inherited through inter-generational processes. **Darwinian theorists** believe in continuous and gradual process of evolution. While

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there are scholars who follow **Lamarckian** line, and argue that traits are acquired within a generation through learning and imitation. Most analysts believe that Lamarckian view is more applicable and appropriate than strict Darwinism in context of organization and management, especially on the acquisition of traits. This is more in line with learning capability of an organization.

Question: How organizations transform during the process of innovation. 3 Marks

It is observed that both innovations and organizations tend to be transformed during the process of innovation. Different and multiple meanings exist for the intended change in the organization and hence the standardization of meanings of change is a problem owing to inappropriate strategy or poor analysis. It is also a common problem that change policy or program gets started with some intent and eventually end up with something else because of the fundamental ways in which changes are transformed by the process of change. Organization also gets transformed in the process. Organizations develop and redefine goals while adapting to environmental pressure; minor changes can lead to larger ones, and initial intent can be entirely lost.

Question.No.2: Explains the Red Tape reasons. 5Marks

Lack of confidence and trust between line and staff, and between HQ and field; systems, program and procedures go beyond their utility, and become end in itself. Line managers resent heavy directions by staffs, which are unaware of local conditions. Staffs on the other hand complain about uncooperative and uninformed line managers. Therefore procedure takes precedence over problem solving, and innovation is dampened.

Lawrence & Lorsch highlighted this in their study as the problem of differentiation and integration. As organizations become large, vertical and horizontal differentiation becomes pronounced. The problem at this stage is higher the differentiation, higher will be the need for integration.

Q.No.3: Explains the Human Capital with example. 3Marks

Human capital refers to the full range of knowledge, skills & abilities an individual can use to produce a given set of outcomes. Practically at upper echelon manager are able to scan internal/external environment, solve problem, seize opportunities, etc. Firm-specific human capital means knowledge of one's own operation, strengths, weaknesses, tacit knowledge, operational personnel and communication styles etc. General human capital deals with knowledge of and about larger environment, competitors, suppliers, customers, stake holders, and about dealing with human capital.

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Q.No.4: How can you distinguish between devil's advocacy and dialectical inquiry process?

In this technique (usually internal consultants) managers play a deliberate role of devil's advocate while planners present their recommendations like experts. The focus is what is wrong with the plan and why it should not be accepted? The assumption behind this activity is that truly good plan will survive the opposition in the form of devil's advocacy. Managers (playing Devil Advocate) does not develop a new world view rather just criticize massively the plan. The role of managers 'behavior is destructive rather than constructive. And this may psychologically demoralize planners' and may result in planners psyche to develop safe plan rather than a progressive one.

Question # 4: Describe transactional leader. 3 Marks

This means an approach going by legal contract or agreement, job-description, and hence no concern with employees or managers beyond contract. It is considered a bureaucratic or mechanistic way of organizational life, essentially a fragmented approach followed by most of the developed world states, and societies are known as litigious societies.

Question: Assumptions of grainer model

The model explains why and how organizations are unable to grow, and in a way suggest how organizations ought to grow? The model is based on certain assumptions about the organization which are as under:

First assumption is organizations are rigid, bureaucratic, control-centric, and centralized entities.

Second, organizations fail to see that the future success of an organization lie within their own organization, and also fail to assess their evolving states of development. Therefore inability of a management to understand its organization development problems can result in organization becoming frozen in its present stage of evolution (failure to evolve) regardless of market opportunities.

Question: Role of dialectical cycle.

The dialectical process is identified here as Thesis - Antithesis - Synthesis (New Thesis). This is also known as dialectical cycle. The relative power of an anti-thesis may mobilize an organizational entity to a sufficient degree to challenge the current thesis and set the stage for producing a synthesis. The synthesis or new thesis is different from both thesis and anti-thesis.

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However there is no assurance that dialectical conflicts produce creative synthesis. At time anti-thesis is powerful enough to replace the thesis. Or many organizations (thesis) persists by maintaining sufficient power to suppress and control the opposition (or anti-thesis)

Question No: 30: What do you know about vital rates?

Vital rates means death rates and founding rates of an organization. This leads not only to the study of large organizations but also of entrepreneurship and small businesses. Here we are concerned with the following possible determinants of organizational death and inception:

- Role of competition
- Institutional constraints
- Role of government (for example subsidy, tax exemption given by US government to Chrysler automobiles thrice in its history)
- Type of product or industry becoming obsolete

Question: What is the relationship of evolutionary theories with other theories of change?

How this theory fits with other theories like with teleological, life-cycle and dialectical theories. This theory incorporates diversity and multiplicity of views. This theory seems to be comprehensive viz. other theories like. OLC is again like parallel explanations of evolutionary theory. Thing tend to evolve in each stage of its development; be competitive; and environmental context. Teleological theory explains change in terms of purposive and cautious ways of objective setting, compatible with teleological – consistency in policies and objective for stable evolution of organization With in organization we have dialectics and dialectical thinking; have to incorporate opposing view point so as to come forth with effective policy outcome.

Question: Describe evolution and revolution in context of organization....5 marks

Evolution is used to describe prolonged period of growth – where no major upheaval occurs in organization practices. The term **revolution** is used to describe those periods of substantial turmoil in organizational life. Each evolutionary period creates its own revolution, as organization progresses through developmental phases. For instance centralized practices eventually lead to demand for decentralization. Moreover the nature of management's solution to each evolutionary period determines whether organization will move forward into next stage of evolutionary growth.

Question: Limitations of teleological theories of change. 3marks

Though the tautological theory has good explanatory power yet it is not without its limitations. Two such stand very obvious. One is that the element of subjectivity is ignored in this kind of

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explanation. Human behavior is not as subjective as explains for all and sundry behavior. Second this is considered too much mechanistic, ignoring the organic dynamism of nature.

Question: Discuss various aspects of organizational change? 5 mks

Question: Internal and external inertia.

INTERNAL: One of the biggest inhibiting factors for organizational change is sunk cost. Sunk cost of the firm which means broadly any amount of time, money and efforts (plant & equipment or cost of R&D and trained personnel) develops a restraining force within an entity to freely look for alternative options. Internal politics for vested interests amongst organizational members act as restraining force. The existing institutional norms –rules and regulations remain status quo oriented to inhibit organizational change

EXTERNAL:

External factors like government and industry creates barriers in smooth and consistent change management process. For instance there may be a very **high cost** associated with a firm's decision to enter or exit any particular industry or market. Bounded rationality, a concept given by Herbert Simon means managers are **rationalizing not rational**, meaning thereby that decisions on the part of managers are always bounded by constraints like time, space, cost and information. Therefore the choice of decision makers to go for alternative options is extremely limited. Another relevant concept is of **social legitimacy** which imposes restriction in the decision outcome for change or status quo. Managers will go for such decisions which are considered legitimate and acceptable by society or by the members of the organization socially. Most of the time **society is slow to recognize and accept change**, and more often it is conservative to accept change. So what happens practically is that organization try to initiate change but then do not intend to go for complete transformation.

Question: Criticism of evolutionary theory.

This theory is not free from criticism. Natural selection favors the best of existing alternatives rather on the best possible design. Here in this theory outcome is satisfying rather than optimizing, which means it does not strive for the best possible objectives. Another point of concern is that organization analogy is considered weak as organization is designed and managerial decisions are taken cautiously and purposively while evolutionary biology rests on random variation. Because of this deficiency in analogy Mayr has termed this theory as an "inappropriate formulation".