

**THE OPEN UNIVERSITY OF SRI LANKA**  
**MASTER OF BUSINESS ADMINISTRATION IN HUMAN RESOURCE**  
**MANAGEMENT**  
**FINAL EXAMINATION – 2010**  
**MCP 2134 – ORGANIZATIONAL BEHAVIOUR**  
**DURATION: THREE (03) HOURS**



**Date: 08.08.2010**

**Time: 1.30 pm – 4.30 pm**

**Answer all questions in Part I (Compulsory) and three questions from Part II.**  
**All answers must be written neatly and focused. Incomplete answers will not**  
**assigned marks.**

**This question paper consists of SIX questions.**

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**Part I**

**1. Case study - People Problems at HEI**

After graduating with honors with a management major from State University, Asley James accepted an entry level position in the Human Resources Department of Hospital Equipment Inc. (HEI), a medium-sized manufacturer of hospital beds and metal furniture (bedstands, tables, cabinets, etc.). This hospital room product line has been a “cash cow” for HEI since the founding of the firm 35 years ago by James Robinson. In recent years, however, HEI’s market share has become eroded by some of the big office furniture firms, both in the United states and abroad, who are starting to diversify into the health institution market.

Mr. Robinson has been easing into retirement the last couple of years. His only child, Rob was made CEO three months ago. Rob came up through product engineering for two years and then headed up operations for the past four years. Rob had been a three-sport star athlete and student body president in high school. He then went on to State University where he graduated near the top of his class in mechanical engineering.

In his new leadership role at HEI, Rob’s vision is to take the firm from being a low-tech bed and metal furniture manufacturer that is going downhill to become a high-tech medical equipment manufacturer. Rob is convinced that even though this would be a dramatic change for HEI, there is enough of a foundation and culture in place to at least start a new division focused initially on operating room equipment.

Rob’s marketing manager had commissioned a study with a marketing research firm that concluded operating room equipment supply was not keeping up with demand and was way behind the rest of the health care supply industry in terms of innovative technology for patient comfort and care. The marketing manager, armed with this information, enthusiastically supported Rob’s vision for the future of HEI.

The finance and operations people are another story. The finance manager is very pessimistic. HEI is already under a cash flow strain because of decreasing revenues from their existing product line and, although they currently have very little long-term debt, with Mr. Robinson retiring, his contacts and long term friends in the local lending community were gone. Only the big corporate banks with decision makers in other cities are left. The new head of operations, who has been very close to Robinson over the years and had basically run the show for Robinson the past four years, is also very pessimistic. In a recent executive committee meeting where Rob had asked for input on his vision for HEI, this operations head angrily blurted out, "I know we have to do something! But medical equipment? I have absolutely no hope that our engineers or operating people have the capacity to move in this direction. As you know, almost all of our people have been with us at least 15 to 20 years. They are too set in their ways, and the only way we could start a new medical equipment division would be from scratch, and I certainly don't see the funding for that!"

After weighing his senior management team's advice, consulting with his dad, doing some research on his own, and tapping his network of friends in and out side the industry, Rob decided to go ahead with the planning of a new medical equipment division. He also decided that this new division would have to be run by present people and he would seek no outside funding. At this point, he called in the young Ashley James from the HR department and gave her the following assignment.

Ashley, I know you haven't been around here very long, but I think you can handle the challenge that I am going to give you. As you probably know by now HEI is having some difficulties, and I have decided we need to move in a new direction with a medical equipment division. As I see it, we have some real people problems to overcome before this will be success. Having worked in operations the past several years, I am convinced we have enough raw talent in both engineering and at the operating level to make the transition a successfully. I need your help. Did you come across anything in your program at State University, that had to do with getting people to be more positive, more optimistic, and confident? I really think this is the problem, starting with management and going right down the line. I want you to take a week to think about this, talk to everyone involved, do some research, and come back with a specific proposal of what HR can do to help me out on this. The very survival of HEI may depend on what you come up with.

*Source: Fred Luthans, (2008) Organizational Behaviour, Eleventh Edition, McGraw-Hill International Edition. Page-238.*

- (i) From a behavioural perspective what do you understand by pessimism expressed by head of finance and the new head of operations in the company? Illustrate with relevant examples. (15 Marks)
- (ii) Do you agree with Rob's decision to become a high tech medical equipment manufacturer? Would you like to work for him? Why or why not? (10 Marks)

- (iii) If you were Ashley, what specific proposal would you make to Rob? How would you justify the proposal and what strategy will you adopt for implementing the proposal?

(15 Marks)

### Part II

2. In the present local and global context of management what are the major challenges faced by the managers from the behavioural perspective? Elaborate using relevant examples.
- (20 Marks)
3. (a) In what way information technology has become an important environmental variable affecting organizational behavior? Give examples to support your answer.
- (10 Marks)
- (b) Explain why diversity has become an important dimension of Today's organization?
- (10 Marks)
4. (a) Briefly define the horizontal, network, and virtual organization designs. How do these differ from the classical design? How could you use the above organizational forms to meet the challenges of the new environment?
- (10 Marks)
- (b) Define organizational culture and give some examples of its characteristics. How do organizations maintain their culture?
- (10 Marks)
5. What is meant by the term job satisfaction? Explain some of the major factors that influence job satisfaction and their linkage of those factors to outcomes of job satisfaction.
- (20 Marks)
6. (a) Explain what is Emotional Intelligence (EI) and what are the major dimension of EI that are particularly relevant to the workplace.
- (b) Why do you think emotional intelligence (EI) may be more important than IQ for an effective manager?
- (20 Marks)

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