

1 – Organizational Structure

This first question focuses on a company that is designing cases for mobile phones (i.e., iPhone). The company's strategy is to develop innovative cases for iPhone's that can withstand extreme abuse. They call the mobile phone cases "X-Cases." Customers using X-Cases should be able to drop their iPhone from the 3rd floor of a building on solid concrete without damaging the iPhone. This is unique in the mobile phone market and the company charges a premium for the X-cases because of that. The company already had considerable success in selling X-cases for iPhones and now wants to expand its product line. Next to X-Cases for iPhones, it also wants to start developing X-Cases for iPads and other phone brands. The goal is to stay among the **top innovators** in the mobile phone case market.

To enable continued innovation, the company has recently hired 100 creative employees that will form a new "product development department". It hired **50 product developers and 50 market analysts** for the new department. These 100 new employees have the collective task of (continuing) developing innovative X-cases for (1) iPhone, (2) iPad, (3) other phone brands. Because the "product development department" is completely new, the company has to design the organizational structure of this department from scratch. It has to consider how to divide the larger organizational task into subtasks (developing innovative X-Cases) and how to coordinate/integrate efforts within the department.

- (a) Based on the information in the case, how would you set up differentiation in the formal organizational structure for the new "product development department" (i.e., how bigger tasks are broken up through specialization, departmentalization, and centralization). Motivate your answer.

Good answers mention:

- Low level of centralization + reasons why that helps innovation (empowering employees),
- Low specialization + reasons why that helps innovation (creates broader tasks),
- Departmentalization: divisional structure (enables cross-fertilization of ideas/knowledge) or functional structure (to enable deep knowledge) + reasons why that helps innovation.

- (b) Based on the information in the case, how would you set up integration in the formal organizational structure for the new "product development department" (i.e., how to make sure efforts of different employees are well-coordinated). Motivate your answer.

Good answers mention:

- **Integration**: Accurately described integration mechanism and explain that the choice of integration mechanism depends on differentiation choices: divisional structure/low centralization needs basic integration mechanisms (e.g., direct contact), while functional structure/high centralization needs more complex integration (integration depart etc.).

- (c) Based on the information in the case, what kind of *informal* structure should the organization try to facilitate for the new "product development department"? Motivate your answer.

Good answers mention:

- **Custom-support network** + explanation (enables combination of expertise, open problem solving, which enables employees from different functional domains/departments to create novel solutions).

2 – Organizational Processes

This second question focuses on the decision-making processes within a government organization. This organization is responsible for assessing claims from home owners in Groningen that have suffered from earthquakes. In Groningen, extensive gas-drilling operations have caused earthquakes. These earthquakes, in turn, have damaged many homes in Groningen. To get compensated for this damage, home owners have to submit their claims to the government organization. The government organization then decides if home owners are compensated for the damage (because it is related to earthquakes) or not (because the damage was not caused by earthquakes). The organization deals with both cases in which home owners have suffered (and claimed) large damages (i.e., more than 100,000 EUROS), as well as many claims that only involve a small amount of money (i.e., below 10,000 EUROS). Deciding on the larger claims is much more complex than deciding on smaller claims, because larger claims often require the government organization to consult multiple experts.

Decision-making process in the government organization is currently organized as following. After the government organization receives a claim from a home owner, the claim is assigned to a specific “case manager” that will coordinate and decide on whether the claim will be accepted or rejected. Case managers have a lot of autonomy in how they make their decisions and can, in other words, decide for themselves how they will decide and whether or not they will consult or collaborate with their colleagues, supervisors, external experts before making a decision regarding a claim. This current decision-making process is not running very smooth. The government organization therefore now wants to make more specific procedures that should provide more specific instructions to case managers on how they should decide on claims in an efficient and effective manner. The government organization is, however, unsure how such procedures should like.

- (a) What would you recommend to the government organization in terms of how case managers should take decisions on claims that only involve a small amount of money (i.e., below 10,000 EUROS)? Motivate your answer and explain how your procedure will ensure efficient and effective decision making.

Good answers mention:

- This is a **routine decision** and why (no long-term future affected, do not require management involvement, lower-level employees are knowledgeable); hence, **delegated** (individual) decision-making is useful/effective.
- Mention reasons for this: avoids **information overload**, prevents **overinclusion problems** that can delay decision-making (managerial/curious people overinclusion) by avoiding that all decisions end up at the same manager’s desk or that decisions have to wait for people that have nothing to add/no formal role in the decision-making process.
- Mentions how this needs to be implemented: For example, **practical solution** in which case manager has autonomy for decision, without needing to consult with manager.

- (b) What would you recommend to the government organization in terms of how case managers should take decisions on claims that involve large damages (i.e., more than 100,000 EUROS)? Motivate your answer and explain how your procedure will ensure efficient and effective decision making.

Good answers mention:

- This is a **non-routine decision** and why (is beyond scope/capacity of single person, requires input from multiple consultants; **group-based decision-making** is useful/effective.
- Mention reasons for this: makes sure **different perspectives** are considered (avoid bias such a selective perception), increases **support/commitment** for decisions.

- Mentions how this needs to be implemented: **Practical solution** that ensures a diverse group, of right size (2 pizza rule), with one person taking responsibility, use of decision-making technique (Nominal group/Delphi method).
- Mentions that this avoids problems such as diffusion of responsibility, conformity, domination, and groupthink + **why**.

3 – Teams

In this next question, we focus on a software engineering company that needs to improve its teams. There are both problems *inside* teams, as well as problems *between* teams.

Inside teams, a number of problems and conflicts emerge among team members that prevent them from working effectively together in their teams. Specifically, inside teams, many team members are very talkative and assertive and this has caused team members to “fight for airtime” and to frequently interrupt each other during team meeting. Moreover, many team members are very stubborn during team discussions and they are frequently unable to reach consensus or agree with each other.

Between teams, there are also conflicts that prevent teams from working effectively together in the company. Specifically, in a number of instances, different teams have made incompatible or even conflicting agreements with each other. This happened because it was unclear which members of a team were coordinating with what other members from other teams. In addition, some team members really experience stress and work overload from coordinating their team’s efforts with other teams. These team members feel that all between-team coordination is done by them, while their fellow team members sit back and only focus on within-team activities.

- (a) Please try to identify the root cause(s) of the conflicts within the teams, using the literature and slides of lecture 3. Motivate your answer and come up with a solution to this problem (i.e., what could the CEO of this company do to resolve or prevent this problem in the future?).

Good answers mention:

- **Group composition** as origin: team members all have extravert personalities, which motivate them to talk a lot and interrupt each other, resulting in “fighting for airtime”, + explain how this can lead to detrimental conflict in the team.
- Solutions: need to be attuned to the problem and well explained, examples include:
 - o transfer/rotate members to get **more diverse composition** in terms of extra- and introverts in the team
 - o and/or use group decision-making technique that **ensures all members have equal say** (Nominal group/Delphi), etc. + explain how that would work in practice.

- (b) Please try to identify the root cause(s) of the conflicts between teams, using the literature and slides of lecture 3. Motivate your answer and come up with a solution to this problem (i.e., what could the CEO of this company do to resolve or prevent this problem in the future?).

Good answers mention:

- Two problems:
 - o **Uncoordinated external connectivity** (boundary spanners are not connected with each other inside the team);
 - o **Concentrated external connections** (some key persons are over-connected, while other members are under-connected);
 - o + **explanation why the symptoms** in the case provides support for these conclusions.
- Solutions:
 - o Uncoordinated connectivity: look for solutions that ensure that people that engage in boundary spanning **are connected** with each other.
 - o Concentrated external connections: look for solutions that ensure that **multiple people** engage in boundary spanning.

4 – Individuals

The CEO of a trucking company wants to improve his company's efficiency. He thinks that his employees (i.e., the truck drivers) are key to realizing this goal. Specifically, the trucking company's core business is transporting tree logs from various forests to various wood factories, where the tree logs are transformed into wooden beams. The CEO, however, noticed that a lot of truck drivers do not efficiently load their trucks with logs. In many cases, truck drivers only load their truck up to 50-60% of its maximum capacity at the forest, meaning that they could have transported much more logs to the wood factory with the same amount of rides if the truck drivers had put in more effort to better load their trucks. This goes against the company goals, which instructs truck drivers to "do their best" in loading their truck to its maximum capacity. The CEO has therefore asked the truck drivers why they do not load their trucks closer to the maximum capacity. In response, the truck drivers have indicated that they lack a bit of challenge to load their trucks to the maximum capacity and that they often feel that their work feels overly mundane/routine. Indeed, many truck drivers indicate that they often have to complete the exact same route (from the same forest to the same factory) over and over again, which makes them lose interest in doing their work the best they can.

In addition to this information, the CEO obtained background information on the truck drivers' job design from the HR department. This information indicates that each truck driver has his/her own truck and transport route (transporting logs between a specific forest and wood factory). Truck drivers furthermore have little freedom in their job and typically do not interact with representatives of the forest or wood factory. Also, they have limited freedom in planning their route or in deciding when and how to load and unload their truck. Such tasks are done by support employees, who talk to the representatives of the factory and forest, plan routes, and schedule loading and unloading times. Moreover, based on the outcomes of a recent employee satisfaction survey, truck drivers feel a lot of desire to expand or broaden their competencies. Truck drivers, on average, earn a fixed monthly salary of 4,000 EUROS. More tenured/experienced truck drivers earn more than their less experienced co-workers. However, there are no differences among the monthly salaries of truck drivers with the same amount of work experience/tenure.

The CEO would like to motivate his truck drivers to load their trucks closer to the maximum capacity, so that more tree logs can be transported with the same amount of rides. The CEO learned that there are different methods to motivate employees. Specifically, the CEO learned that he can motivate employees by (a) designing effective compensation/salary plans, (b) setting challenging goals, and (c) designing jobs that are exciting and challenging. Based on some initial reading he did, he has developed a preference for (a) designing more effective compensation/salary plans. Specifically, he wants to shift from fixed wages to a variable pay-for-performance scheme in which truck drivers' wages are based on whether they load their trucks to maximum capacity.

- (a) Please explain what you think of the CEO's preference to motivate employees by shifting to a pay-for-performance plans. Explain whether this solution resolves the problems described in the case the best, compared to the other available strategies (b-c) for motivating employees.

Good answers mention:

- Should compare feasibility/effectiveness of pay-for-performance relative to goal-setting/work redesign.
- Employees are mainly dissatisfied due to boredom/lack of challenge in the job. Pay-for-performance does not effectively address this, compared to work redesign/goal setting.
- Current wages plan is not ineffective/likely to cause problems, as it is equitable (all members receive same pay, wage differences can be explained based on tenure/experience), therefore there is more potential in work redesign.

- Quite expensive to redesign payment system for employees, compared to for example new goal setting.

(b) A colleague of the CEO recommends him to use option (c) designing jobs that are exciting and challenging. The CEO is curious about this as well, but struggles to visualize what this would mean in his company. To help out the CEO, therefore provide practical suggestions on how the CEO could increase the skill variety, autonomy, and feedback of truck drivers' jobs.

Good answers mention:

- **Skill variety:** E.g., use some form of job enrichment/job enlargement, for example through job rotation which truck drivers rotate jobs with the planners/loaders, or when they use a larger variety different types of trucks, or by allowing truck drivers to also do their own loading and unloading.
- **Autonomy:** E.g., allow them to decide which route they will take/which type of truck they will use.
- **Feedback:** E.g., allow truck drivers talk directly to representatives from factory/forest, so that these representatives can comment on the drivers work.