

PGDM 2013-15 Batch
Organisation Structure & Design
Subject Code-DM-522
Trimester V, End-Term Examination: December 2014

Time allowed : 2 Hrs 30 Min

Max. Marks: 50

Roll No:-----

Instruction: Students are required to write Roll No on every page of the question paper; writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Section A (3 X 5 = 15 Marks)

*Write critical notes on **any three** of following questions.
Each question carries **five marks**.*

1. Environment - Strategy Continuum
2. Organization Structure- Size Relationship
3. Determinants of Organization Designs
4. Functional Structure Vrs. Matrix Structure
5. Contribution of Type-3 Theorists

Section B (2X 10 = 20 Marks)

*Attempt **any two of the following** questions. Each question carries **ten marks**.*

1. "Adhocracies will play important role in the design of **future organizations**"- Explain this statement with suitable examples.
2. Briefly describe salient features of different types of **organization structures** with suitable examples.
3. Describe how organization structure can be shaped by strategy with suitable examples.

Section-C Compulsory (15 Marks)

Analyze the case, attached herewith, and answer the questions given at the end of the case.

THE UPHILL BATTLE AT EASTMAN KODAK

Based on Clare Ansberry, "Eastman Kodak Co. Has Arduous Struggle to Regain Lost Edge," *Wall Street Journal*, April 2, 1987, p. 1.

Eastman Kodak Co. has some serious problems. Although it once totally dominated the world's film, photo-processing, and camera business, it has recently fallen on hard times. Once the industry innovator, it now seems to let others dictate what it will do. Significant problems have developed with the quality of its products. Competitors have successfully penetrated many of its markets. And, to add insult to injury, over the last four years, top U.S. executives have dropped Kodak from 4th to 70th on *Fortune's* list of the most admired major U.S. corporations.

Twenty years ago, Kodak led the industry in technology. Today, it increasingly chases Japan's Fuji Photo Film Co. For example, Kodak's virtual monopoly of the domestic market for color-negative film has been cut to 82 percent; and Fuji, not Kodak, now produces the world's fastest color-print still film.

A great deal of Fuji's success has been due to the perception by consumers that Kodak quality isn't what is used to be. Between 1982 and 1987, Kodak's annual photo-finishing sales plunged from \$200 million to \$60 million, which can largely be attributed to complaints by customers about blurry and grainy quality of prints.

Kodak efforts to expand sales in the camera market have also suffered some serious setbacks. Its introduction of an instant camera in 1976 led to a decade-long patent-infringement suit by Polaroid. Kodak lost the suit and, in addition to paying a huge settlement, had to agree to withdraw

from this market. In 1982, in an effort to expand its share of the amateur photography market, Kodak introduced its disk camera. It was easy-to-use and inexpensive, but produced poor-quality pictures. It failed largely because Japanese competitors concentrated on simplifying their high-quality thirty-five-millimeter cameras.

How did Kodak lose touch with its markets? The answer to this question seems to lie in the organization's traditions. The company cultivated fierce loyalty from employees through such practices as rigidly following its "promote-from-within" policy, providing large annual bonuses, and offering free noontime movies. Since Kodak perceived itself as a technology-driven company, promotion criteria favored engineers. As engineers, Kodak executives believed in perfection, no matter how long it took. One classic illustration of this love of tradition was the case of a supervisor who had recently retired. He had kept employment records from the 1930s in his office drawer "because they had always been there."

Management style at Kodak could best be described as centralized, patient, and paternalistic. Decisions percolated to the top for even minor issues. The head of photographic and information products, for instance, could be called upon to make a decision on any one of 50,000 products. This style was effective as long as competitors were impotent, and Kodak's technology and quality standards led to the industry. In times of change, however, it made Kodak slow to respond. Even though Kodak was the first choice of the organizers to be the film sponsors for the 1984 Olympic Games, it fussed so long over the contract that the organizers turned to a more amenable and eager Fuji. Kodak executives then were furious when they learned that Fuji had gotten the sponsorship.

The man who has to deal with these problems, Colby Chandler, Kodak's chairman, in many respects mirrors the company for which he works. An engineer by training, he is conservative, down-to-earth, and a genuine "nice guy."

Questions

1. How has the environment affected Kodak?
2. Describe Kodak's culture in detail.
3. If you were hired as a consultant by Kodak's board, what recommendations would you make to improve the company's effectiveness?