

**PGDM (RM), 2015-17**  
**Organizational Behaviour & HRM**  
**RM-502**

**Trimester – V, End-Term Examination: December 2016**

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: \_\_\_\_\_

**Instructions:** 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**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	3*5 = 15
		<b>Total Marks</b>	<b>50</b>

**SECTION A**

- A1. Explain the attribution theory in terms of distinctiveness, consensus and consistency.
- A2. Identify and explain any two group processes that are responsible for losses, so as to make the actual group effectiveness lower than the potential group effectiveness.
- A3. How and why is emotional intelligence considered to be a strong predictor of a manager's success?
- A4. How do retailers manage diversity among their employees?
- A5. What are the major reasons for employee resistance towards any change initiative in an organization?

**SECTION B**

- B1. Explain the Expectancy Theory of motivation. Why is it called a process theory? Using this theory, what are the various measures that can be taken to increase the motivation level of employees?
- B2. Explain the Big Five Model of Personality. Enumerate the different kinds of jobs in the retail sector which would be suitable for people who are high or low on these five dimensions. Suggest various means to increase person-job fit.
- B3. How does a retailer coordinate employee activities and engage them to work towards the retailer's goals?

**Turn Over**

## SECTION C

**Customer Service at Nordstrom: Are There Potential Conflicts?**

Nordstrom, an upscale retailer headquartered in Seattle, Washington, operates about 170 stores throughout the United States. "While Nordstrom was growing nationally, it focused on catering to the needs of each customer. Instead of categorizing departments by merchandise, Nordstrom created fashion departments that fit individuals' lifestyles. Today, Nordstrom has grown from one downtown Seattle shoe store into a nationwide fashion specialty chain with renowned services, generous size ranges and a selection of the finest apparel, shoes and accessories for the entire family. The company's philosophy has remained unchanged for more than 100 years since its establishment by John W. Nordstrom in 1901: "Offer the customer the best possible service, selection, quality and value."

Nordstrom handles customer returns on a case-by-case basis. Sometimes Nordstrom will replace items years after their purchase — just to keep the customer happy. "We really think a reason our customers shop with us is that we stand behind our merchandise," says a Nordstrom spokeswoman. "Returns of Nordstrom products do not have to include a sales invoice or a Nordstrom price tag. ... Nordstrom knows it's not the price but the customer service that gains and retains loyal customers that generate strong profits."

Without a doubt, Nordstrom provides extraordinary customer service and customer relationship management. But would Nordstrom's phenomenal efforts be enough to help the luxury retailer weather the economic realities of 2008 and 2009? "The global economic downturn has hurt demand for luxury goods and Nordstrom, a key player in the lower-end of the luxury-goods market, hasn't been spared. Through 2008, Nordstrom's same-store sales declined every month but May. Like many stores, Nordstrom cut prices sharply to move merchandise during the holidays."

Jennifer Saranow, reporting for *The Wall Street Journal*, writes, "[a]fter a decade of conspicuous consumption, many middle- and upper-income Americans are no longer comfortable showing off \$300 Gucci sunglasses and \$8,000 Hermes Birkin bags. They are developing a distaste for extravagance that promises to affect spending on everything from cars and travel to electronics, fashion and household goods — and to last at least as long as the recession." Christina Binkley, also reporting for *The Wall Street Journal*, observes that "[a]fter years of gluttonous shopping, forgoing our wants feels virtuous, like using up leftovers. That's why many people these days are boasting that they are 'shopping' in their closets." Debbie Then, a New York psychologist who studies the luxury goods industry, says, "[p]eople are saddled with stuff they don't need ... I think the way people were shopping is over." Pamela Danziger, president of the research firm Unity Marketing, points out that "some affluent Americans have simply 'given up the fight to keep up with the Joneses' ... while others have decided that 'spending money on luxury is a poor use of resources in a climate of high gas prices and rising carbon footprint.'"

The change in consumers' buying habits isn't the only challenge confronting Nordstrom during the recession. Customers' payments on their credit accounts also challenge the retailer. Nordstrom is but one of numerous blue-chip companies that experienced increased pressure on their accounts receivable due to customers delaying payment. Writing in *Business Week*, Matthew Boyle and Olga Kharif point out that "[d]ealing with deadbeats is tricky. Companies need to push enough to get customers to pay up, but not so much that they're driven away."

Turn Over

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Erik Nordstrom, one of the three Nordstrom brothers currently in senior management, says "[t]his is the toughest retail environment that I've been a part of." Despite this he remains "optimistic, noting that the retailer, founded in 1901 by his great-grandfather, has weathered other downturns, including the Great Depression. ... Some people will choose to take a little retail therapy [by going shopping], and we want to be there to serve them."

So, how can Nordstrom serve customers beyond their already extraordinary customer service? Writing in *Brandweek*, Ann Beriault observes, "[f]inding ways for high-end goods to be viewed as experiential or as 'adding to my life experience' should be a priority on any luxury marketer's to-do list. If approached with a deft hand, the reward of spending time well will remain a potent promise, even when the economy swings north."

Whatever Nordstrom does, can it avoid being trapped in circumstances that could significantly alter the relationship between the retailer and its customers? Can Nordstrom continue to defuse potential conflicts with customers?

- C1. Dealing with dissatisfied customers is, perhaps, the greatest source of conflict for retailers. Is Nordstrom's approach to customer service and customer relationship management an appropriate way to defuse potential conflict situations? Explain the reasoning behind your answer. **(5 marks)**
- C2. Using the assertiveness and cooperativeness dimensions that underlie the five conflict management styles, explain Nordstrom's approach to customer service and customer relationship management. **(5 marks)**
- C3. Drawing on your answer to the preceding question, discuss whether or not Nordstrom can continue with the same customer relationship management approach as the economy deteriorates. **(5 marks)**

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