



**Executive Masters
July – December**

**Sessional Examination
MO 311 Managing in Organisations**

**BOTSWANA OPEN UNIVERSITY
IN COLLABORATION WITH
THE COMMONWEALTH OF LEARNING**

Commonwealth Executive Masters in Business Administration

Commonwealth Executive Masters in Public Administration

MANAGING IN ORGANISATIONS

SESSIONAL EXAMINATION

Duration: 3 hours

Marks: 100

INSTRUCTIONS

1. The exam consists of TWO sections: A and B
 2. Begin each answer to a new question on a new page.
 3. Answer questions according to instructions given in each section.
 4. Write in grammatical English.
-

SECTION A: Case study.

[50 Marks]

Levi Strauss & Co.'s Flirtation with Teams

The Levi Strauss & Co. is the largest clothing manufacturer in the United States. It has a long history of being profitable, good to its workers, and charitable to its factory towns. Compared with other companies in the apparel industry, Levi Strauss is known for generous wages and good working conditions. According to CEO Robert Haas, Levi's treatment of its workers and concern for their welfare is far greater than in other companies in the industry.

When other American apparel firms moved their manufacturing offshore, Levi Strauss & Co. maintained a large American manufacturing base and was often ranked as one of the best companies to work for. In fact, in 1997 the company received an award from the United Nations for improving global workplace standards. Until 1992, Levi's employees worked on their own operating machines in which they performed a single, specific, and repetitive task, such as sewing zippers or belt loops on jeans. Pay was based on a piece-rate system, in which workers were paid a set amount for each piece of work completed. A worker's productivity and pay was highly dependent on levels of skill, speed and stamina.

By 1992, however, Levi Strauss & Co. began to feel the pressure of overseas, low-cost competitors, and realised the need to increase productivity and reduce costs in order to remain competitive and keep their North American plants open. The company decided that the best solution was teamwork. In a memo sent to workers, Levi's operations vice-president wrote, "This change will lead to help employees become more productive". Teamwork was felt to be a humane, safe and profitable solution that would be consistent with the company's philosophy.

Gone was the old system of performing a single task all the time and the piece-rate system that went with it. Now groups of 10 to 50 workers shared the tasks and would be paid for the total number of trousers that the group completed. The team system was expected to lower the monotony of piece-work by enabling workers to do different tasks and to therefore lower repetitive-stress injuries.

Although employees were given brief seminars and training on team-building and problem-solving, it was not long before problems began to arise. Top performers complained about their less-skilled and slower teammates that caused a decline in their wages. Meanwhile, the wages of lower-skilled workers increased. Threats, insults and group infighting became a regular part of

STAGE 1

STAGE 2

NOV 1

daily work as faster workers tried to rid their group of slower workers. To make matters worse, top performers responded to their lower wages by reducing their productivity. Not surprisingly, employee morale began to deteriorate.

Another problem was that whenever a group member was absent or slow, the rest of the team had to make up for it. This exacerbated the infighting among team members and resulted in excessive peer pressure. In one instance, an enraged worker had to be restrained from throwing a chair at a team member who constantly harassed her about working too slow, and in another incident, a worker threatened to kill a member of her team. An off-duty sheriff's deputy had to be placed at the plant's front entrance.

Because the groups had limited supervision, they had to resolve group problems on their own, and they also divided up the work of absent members themselves. In some plants, team members would chase each other out of the bathroom and nurse's station. Slower teammates were often criticized, needled, and resented by their group. Some could not take the resentment and simply quit. In one group, a member was voted off her team because she planned to have hand surgery. And although workers were now part of a team system, management was not given guidance on how to implement the system. As a result, each manager had his or her own idea of how the team system should work, including team size, structure, pay formulas, and shop-floor layouts. One former production manager described the situation as worse than chaos and more like hell! To make matters worse, the team system did not improve the situation for Levi's. Labour and overhead costs increased by up to 25 per cent during the first years of the team system.

Efficiency, based on the quantity of pants produced per hour worked, dropped to 77 per cent of pre-team levels. Although productivity began to improve, it was only at 93 per cent of piece-work levels. Even in some of the company's best plants, production fell and remained at lower levels after the introduction of teams. And although one of the reasons for adopting the team system was to lower the high costs of injuries that resulted from workers pushing themselves to achieve piece-rate goals, these costs continued to rise in many plants even after the team approach was implemented. Profit margins also began to decline as competitors began offering private-label jeans at two-thirds the price of Levi's, and Levi's market share of men's denim jeans in the United States fell from 48 per cent in 1990 to 26 per cent in 1997. As costs continued

to increase, plant managers were warned that they would face an uncertain future unless they cut costs by 28 per cent by the end of the year.

Teams did, however, result in some improvements. For example, the average turnaround time of receiving an order and shipping it was reduced from nine to seven weeks. As well, because the teams were responsible for producing completed pairs of pants, there was less work in process at the end of each day compared with the piece-rate system, where each worker did only one part of the job. And according to CEO Robert Haas, teams allowed workers to manage themselves and to find better and safer ways of working.

Nonetheless, the system did not help Levi's achieve its objectives. In February, 1997, Haas announced that the company would cut its salaried workforce by 20 per cent in the next 12 months. The following November, the company closed 11 factories in the United States and laid off 6,395 workers. In an unusual response to being laid off, one worker described it as a "relief" from the burden and stress that had become part of her job. In February 1999, as sales of Levi's jeans continued to fall, the company let go another 5,900 or 30 per cent of its workforce of 19,900 in the United States and Canada and announced it would close 11 of its remaining 22 plants in North America. According to company officials, plant closings might have been sooner and job losses greater if they had not adopted the team system.

Commenting on the team approach, a now-retired former manufacturing manager said, "We created a lot of anxiety and pain and suffering in our people, and for what?" According to a production manager who has taken early retirement, "It's just not the same company anymore. The perceived value of the individual and the concern for people is just not there." A veteran worker who has gone back to the old system of doing a single task and is now paid in part for what she produces said, "I hate teams. Levi's is not the place it used to be."

While officials said they plan to stick with the team approach in the remaining American plants, managers say that the team approach is on its way out as they search for other ways to increase productivity, like the old way of doing things.

In recent years, Levi Strauss & Co. has begun to contract out much of its work and now manufactures 45 per cent of its jeans for the American market outside North America, compared with 15 per cent in 1991, and none before that. Although it remains one of the last major

American- based apparel companies with a substantial amount of company-owned production in North America, it now contracts manufacturing in 50 countries worldwide.

Source: Johns & Saks (2001, pp. 234-236)

FIVE STAGES
INITIATION/ FORMATION
NORMING
PERFORMING

QUESTION 1

Discuss the stages of group development and the implementations of them for the development of the teams at Levi Strauss? (20 Marks)

QUESTION 2

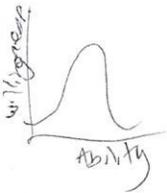
Define norms and describe any two norms that emerged in the teams at Levi Strauss & Co and how did they influence the behaviour of group members? (10 Marks)

QUESTION 3

The teams were supposed to be self-managing teams. Critique this idea in terms of the principles for effectiveness for such teams given in the text. (10 Marks)

QUESTION 4

Do you think it was a good idea for Levi Strauss & Co. to implement a teams' system? Was it the best solution to deal with increased global competition? Why wasn't the team approach at Levi Strauss & Co. more effective, and with your knowledge of groups, what might you have done differently if you had to implement a team system at Levi Strauss? (10 Marks)



decision

knowledge consider

atmosphere

accepted



SECTION B: Essay-type questions.

[50 Marks]

ANSWER ANY TWO QUESTIONS FROM THIS SECTION

QUESTION 1

A number of critical changes and challenges present themselves to diverse organization today. in light of this statement, appraise any five(5) change factors that present critical challenges faced by managers today and explain their impact. (25 marks)

QUESTION 2

Examine any Five characteristics of multicultural organizations (25 Marks)

QUESTION 3

Conflict within an organisation emerges for a number of reasons. Critically examine any Five potential sources of conflict (25 Marks)

*Opposing priorities.
culture
COMMUNICATION
Power
Change*

QUESTION 4

Elaborate on any FIVE (5) basis of power in an organisation. Do you believe that these differ between for profit and not for profit organisations? Why? (25 Marks)

*REWARD
COERCIVE
LEGITIMATE
EXPERT
REFERENT*

END OF EXAMINATION!

Prevalent

reward

Incentivised

me.