Organization Theory &Â Design 13th edition Daft Solutions Manual

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CHAPTER ONE

ORGANIZATIONS AND ORGANIZATION DESIGN

CHAPTER OVERVIEW

This chapter introduces students to characteristics of organizations and organizations as systems. Definitions and examples are given to provide students an understanding of organization theory and its value in becoming better managers in a rapidly changing world. You may wish to refer throughout the semester to the GE case that opens the chapter, and to update the case regularly from current business analyses. Organization theory is defined and shown to have practical applications for managers, and a brief history of the evolution of organization design theory is provided. A framework for the remainder of the book is also provided, which will be useful as an introductory overview and as a frame of reference throughout the course.

Learning Objectives

After reading this chapter you should be able to:

- Discuss current challenges that organizations face.
- Describe the importance of organizations in society.
- Describe how the structural dimensions of organizations are shaped by contingencies organizations face.
- Outline the evolution of organizational design.
- Compare and contrast organic and mechanistic organization designs, including the contingency factors typically associated with each.
- Explain the current trend toward bossless organization design.

CHAPTER OUTLINE

Managing By Design

Before reading this chapter, please check whether you agree or disagree with each of the following statements:

- An organization can be understood primarily by understanding the people who make it up.
- The primary role of managers in business organizations is to achieve maximum efficiency.
- A CEO's top priority is to make sure the organization is designed correctly.

Answers will be assessed in the chapter.

A LOOK INSIDE General Electric
Founded in 1878 by Thomas Edison, General Electric (GE) has a long history of moving in and out of multiple businesses as a key part of its strategy. For decades, the organization was admired for its management, but by the 1970s, the firm had become bogged down in bureaucracy and paperwork. The GE conglomerate was made up of 43 businesses divided into 10 groups, 46 divisions, and 190 departments. When Jack Welch took the helm as CEO in 1981, one of his first moves was to radically change the corporate structure, reducing the layers of management and expanding the span of control of individual managers. He also implemented a new culture that emphasized open, direct, candid communication. In his two decades as CEO, for which Fortune named him "Manager of the Century," he made many more strategic changes, took the company global, and launched the organization's e-business. Welch chose Jeff Immelt to be his successor. Although he pushed for global growth and innovation, GE's value steadily declined. Many analysts felt that Immelt did not adequately address problems that arose during his tenure. John Flannery then briefly led GE from 2017 to 2019, but he could not reverse GE's falling stock prices either. By the time Larry Culp assumed the CEO role, GE's value had fallen to about 10 percent of its former value. Culp immediately began implementing a plan to streamline and trim down the extremely complex conglomerate. Stakeholders are hoping that the current, and any future, CEOs will be able to turn the iconic company around.

Organization Design in Action

Topics

The chapter-opening GE case illustrates several important organization design topics, such as strategic and structural changes to attain effectiveness, coping with a large and extensive bureaucracy, shaping corporate culture, adapting to new challenges in global and digital business environments, meeting consumer demands for sustainable products and to sustainably run companies, and deciding what type of innovation and change is needed. The text will cover additional topics, such as adapting to or controlling external factors in the environment, ethical challenges, the use of power and politics, and more.

Purpose of This Chapter

This chapter explores the nature of organizations and organization design today as it has developed from the systematic study of organizations by scholars.

Current Challenges

Today's managers face a variety of significant challenges that are different from those of the past, which demonstrates how organizations—and organization design—must evolve. These include:

- Globalization
- Intense Competition
- Sustainability, the Green Movement, and Ethics
- Speed and Responsiveness
- Digital Organizations and Big Data Analytics (technologies, skills, and processes for searching and examining massive sets of data to uncover hidden patterns and correlations)

BOOKMARK

The Vanishing American Corporation: Navigating the Hazards of a New Economy

by

Gerald F. Davis

Surprising fact: The number of publicly held corporations in the United States declined by half in less than 20 years, from 7,322 in 1996 to 3,659 in 2015. *The Vanishing American Corporation*'s author Gerald F. Davis explores why U.S.-based companies are shrinking, declining, and generally disappearing altogether. One important factor is that new organization forms have emerged that seem a better fit for today's business environment: the virtual network form, in which only high value-added tasks are kept in house and other components are outsourced, and the platform-based form, which uses a specific combination of information and communication technologies to connect different groups of people and allow them to engage in mutually beneficial exchanges. Davis presents both positive and negative consequences of this trend.

IN PRACTICE

Foot Locker

Foot Locker knows that its target audience is young and tech-savvy, which is why the organization has increased its technology staff by at least 30 percent in the last several years. Foot Locker uses artificial intelligence, augmented reality, machine learning, apps and big data not only to keep track of consumer expectations but to market products in an engaging way. CIO Pawan Verna says the biggest challenge to using so much technology is security, and that the organization must be very transparent with customers, vendors, and others about the data it collects nd uses.

What Is an Organization?

Definition

Organizations are (a) social entities that are (b) goal-directed, with (c) deliberately structured and coordinated activity systems, and with (d) a link to the external environment. An organization is an **open system** that obtains inputs from the external environment, adds value, and discharges products and services back to the environment.

From Multinationals to Nonprofits

We will study both large and small organizations. We will also look at manufacturing and service organizations, for-profit and nonprofit organizations, and a newer form of organization called the hybrid, which is designed to earn a profit and serve a social purpose simultaneously. The manager's role and purpose varies depending on the type of organization. Managers in businesses direct their activities toward earning money for the company and its owners, whereas managers in non-profits direct much of their effort toward generating some kind of social impact.

Importance of Organizations

Organizations create value for owners, customers, and employees by their activities. They bring together resources to accomplish specific goals, whether those goals are putting together an aircraft carrier or planting new trees in the city. Organizations produce goods and services, using innovative techniques and modern manufacturing technology, for competitive pricing. Organizations adapt to and influence the environment and its globalization while accommodating the challenges of diversity, ethics, and the motivation and coordination of employees.

IN PRACTICE **Zara SA**
Since its inception in Spain in 1975, Zara has been revolutionizing the fashion retailing business by using technology to predict demand and deliver new products in record time. For example, where other retailers require up to six months to design, produce, and introduce a new product in their stores, Zara is able to accomplish this in four weeks. The process starts with chip technology providing data on inventory. Zara, which is now a global company with locations throughout Europe and the U.S., has also demonstrated a commitment to "going green" by, for example, eliminating the use of hazardous chemicals in all stages of its supply chain.

Dimensions of Organization Design

Structural Dimensions

Structural dimensions provide labels to describe an organization's internal characteristics. *Formalization* pertains to the amount of written documentation in the organization; *Specialization* is the degree to which organizational tasks are subdivided into separate jobs; *Hierarchy of authority* describes who reports to whom and the span of control; *Complexity* refers to the number of distinct departments or activities within the organization. *Centralization* refers to the hierarchical level that has authority to make a decision.

IN PRACTICE **Shizugawa Elementary School Evacuation Center and** **BP Transocean Deepwater Horizon Oil Rig**
When the Japanese fishing village of Minamisanriku was ravaged by a tsunami in 2011, the Japanese propensity to establish rules, procedures, and authority structures helped create a sense of normalcy and comfort at the Shizugawa Elementary School Evacuation Center. Contrast that smooth operation to what happened after a transocean oil rig exploded in the Gulf of Mexico. Activities were so loosely organized that no one seemed to know who was in charge or what was their level of authority and responsibility. When the explosion occurred, confusion reigned. As fire spread, several minutes passed before people received directions to evacuate. Structural dimensions serve a similar purpose in an organization.

Contingency Factors

Contextual dimensions, known as **contingency factors**, characterize the whole organization and describe the organizational setting. *Size* is the organization's magnitude as reflected in the number of people in the organization; *Organizational technology* refers to the tools, techniques, and actions used to produce the organization's products or services; *Environment* includes all elements outside the boundary of the organization; *Goals and strategy* define the purpose and competitive techniques that set it apart from other organizations; *Culture* is the underlying set of key values, beliefs, understandings, and norms shared by employees.

ASSESS YOUR ANSWER

An organization can be understood primarily by understanding the people who make it up.

ANSWER: *Disagree.* An organization has distinct characteristics that are independent of the nature of the people who make it up. All the people could be replaced over time while an organization's structural and contextual dimensions would remain similar.

IN PRACTICE

Valve Software

Valve Software Corporation is a leader in the video game industry. The company has been "boss free since 1996," as its website proclaims. "It's amazing what creative people can come up with when there's nobody there telling them what to do." At Valve, everyone makes important decisions. Any employee can make hiring decisions. There are no promotions, only new projects, with someone emerging as the de facto leader. Contrast Valve's approach to that of Walmart, which achieves its competitive edge through cost efficiency. Stores are controlled from the top, and employees follow standard procedures with little say in decision making. An even greater contrast is seen in government agencies.

Performance and Effectiveness Outcomes

The organization must learn to be **efficient**—using the least amount of resources to achieve its goals, as well as **effective**—the degree to which an organization actually achieves its goals. In measuring effectiveness, some organizations use the **stakeholder approach**, meaning the company considers its **stakeholders,** who consist of any group within or outside the organization that has a stake in the organization's performance. Typical stakeholders include employees, customers, creditors, management, government, unions, the community, suppliers, and owners and stockholders. It is difficult for managers to satisfy multiple stakeholders, so they must establish goals that achieve at least minimal satisfaction for them.

ASSESS YOUR ANSWER

The primary role of managers in business organizations is to achieve maximum efficiency.

ANSWER: *Disagree.* Efficiency is important, but organizations must respond to a variety of stakeholders, who may want different things from the organization. Managers strive for both efficiency *and* effectiveness in trying to meet the needs and interests of stakeholders. Effectiveness is often considered more important than efficiency.

The Evolution of Organization Theory and Design

Historical Perspectives

Organization design has varied over time in response to societal changes. The classical perspective remains the basis of management theory today. One classical subfield, pioneered by Frederick Taylor, was the closed system approaches of **scientific management.** Through scientific procedures in 1898, Taylor identified correct movements and tools for loading four times as much iron or steel for the Bethlehem Steel plant. **Administrative principles** focused on the total organization based on insights of practitioners such as Fayol. **Bureaucracy** was an effective approach for the needs of the Industrial Age, calling for clearly defined authority and responsibility, formal recordkeeping, and uniform application of standard rules. It remained the primary approach to organization design through the 1980s. The **Hawthorne Studies** led to a revolution in worker treatment from findings that positive treatment improved motivation and productivity. Since the 1980s, flexible approaches to organization design have become prevalent because of the Internet, globalization, and the growth of knowledge- and information-based work.

HOW DO YOU FIT THE DESIGN? Evolution of Style
Managers view their world through one or more mental frames of reference. The *structural frame* of reference sees the organization as a machine. The *human resource frame* sees the organization as its people. The *political frame* sees it as a competition for scarce resources. The *symbolic frame* sees it as theater, with emphasis on symbols, vision, culture, and inspiration. Which frame reflects your way of viewing the world?

It All Depends: Key Contingencies

Contingency theory means that one thing depends upon other things, and for organizations to be effective, there must be a fit between the structure and the conditions in the external environment. There is not one best way to manage, and instead, the correct management approach varies for an Internet firm versus a large processing plant.

ASSESS YOUR ANSWER **A CEO's top priority is to make sure the organization is designed correctly.**
ANSWER: *Agree.* Top managers have many responsibilities, but one of the most important is making sure the organization is designed correctly. Organization design organizes and focuses people's work and shapes their response to customers and other stakeholders. Managers consider both structural and contextual dimensions as well as make sure the various parts of the organization work together to achieve important goals.

The Contrast of Organic and Mechanistic Designs

A **mechanistic** design means that the organization is characterized by machine-like standard rules, procedures, and a clear hierarchy of authority. Organizations are highly formalized and are also centralized, with most decisions made at the top. A mechanistic design is associated with large size, efficiency strategy, a stable environment, a rigid culture, and a manufacturing technology. An **organic** design means that the organization is much looser, free-flowing, and adaptive. Rules and regulations often are not written down or are flexibly applied. An organic design is associated with smaller size, innovation strategy, a changing environment, an adaptive culture, and a service technology.

Guidelines

Centralization means that decision authority is located near the top of the organizational hierarchy. With **decentralization**, decision making authority is pushed down to lower organizational levels. A **task** is a narrowly defined piece of work assigned to a person. A **role** is a part in a dynamic social system. Formal systems, mechanistic organizations, emphasize vertical communication. Informal Systems, organic organizations, emphasize horizontal communication. A mechanistic design has a formal chain of command. An organic design emphasizes collaborative teamwork.

The Emerging Bossless Design Trend

Current challenges include greater flexibility for most organizations. A few organizations have shifted to an extremely organic, “bossless” design. Advantages include greater employee initiative and commitment, and better, faster decision making. Challenges include an investment in employee training and development. The culture also has to engage employees and support the non-hierarchical environment.

IN PRACTICE **Morning Star**
The founder of Morning Star, the world’s largest tomato processor for companies such as Heinz and the Campbell Soup Company, believes that people can work without a boss. At the Morning Star Self-Management Institute, every employee goes through training to learn how to work effectively as part of a team, how to handle the responsibilities of “planning, organizing, leading, and controlling”, how to balance freedom and accountability, how to understand and effectively communicate with others, and how to manage conflicts. Every colleague writes a personal mission statement and is responsible for accomplishing it.

Framework for the Book

Levels of Analysis

Organization systems are nested within systems, and one **level of analysis** has to be chosen as the primary focus. Four levels of analysis normally characterize organizations: individual, group, organization, and finally the external environment.

Organizational behavior is the micro approach to organizations because it focuses on the individuals within organizations. Organizational behavior examines concepts such as motivation, leadership style, and personality and is concerned with cognitive and emotional differences among people within organizations. **Organization theory and design** is a macro examination of organizations because it analyzes the whole organization as a unit. Organization design is concerned with people aggregated into departments and organizations and with the differences in structure and behavior at the organization level of analysis. Organization design might be considered the sociology of organizations, while organizational behavior is the psychology of organizations.

Plan of the Book

Part 1 introduces the basic idea of organizations as social systems and the essential concepts of organization design. Part 2 is about strategic management, goals and effectiveness, and the fundamentals of organization structure. How do managers help the organization achieve its purpose? Part 3 looks at the various open system elements that influence organization structure and design, including the external environment, interorganizational relationships, and the global environment. Parts 4 and 5 look at processes. Part 4 describes how organization design is related to manufacturing and service technology, organizational size, and life cycle. Part 5 considers the dynamic processes within and between organizational departments and includes topics such as innovation and change, culture and controls, decision-making processes, managing intergroup conflict, and power and politics.

Plan of Each Chapter

- Opening questions: *Managing by Design*
- Theoretical concepts in the body of the chapter
- *In Practice* segments
- Questionnaire: *How Do You Fit the Design*?
- *BookMarks*
- *Briefcase* items to highlight key points
- *Design Essentials*

Design Essentials

- Organization design provides tools to adapt to a changing environment.
- Managers face new challenges including globalization and ethical scrutiny.
- Organizations are open systems that obtain inputs from the external environment, add value, and discharge products and services back to the environment.
- Organizations are highly important, and managers are responsible for shaping organizations to perform well and meet the needs of society.
- Many types of organizations exist. One important distinction is between for-profit businesses and nonprofit organizations. Managers strive to design organizations to achieve both efficiency and effectiveness.
- Organization design perspectives have varied over time. Managers can understand organizations better by gaining a historical perspective and by understanding the contrast between organic and mechanistic designs.
- Organization designs range from mechanistic to organic. A new trend is the bossless design, an extreme form of an organic design in which most levels of management have been eliminated.
- Most concepts in organization theory pertain to the top- and middle management levels of the organization.

LECTURE ENHANCEMENT

ORGANIZATIONAL TYPOLOGIES

To understand and conceptualize the world of organizations, researchers have developed typologies by which organizations can be classified. A typology is a set of categories, with each category including certain characteristics which differentiate the organizations in it from those in other categories. Just as artists portray the same person or scene in different ways, researchers have based their typologies on different underlying dimensions that they see as important in differentiating between organizations. Typologies are methods of organizing information. The characteristics of the organizations in each cell indicate the nature of the organizations.

One typology, for example, which influenced organizational research, was developed by Talcot Parsons in 1960. Parsons maintained that organizationshad different functions in society and that these functions could be the basis for typing organizations. Parsons' four functions and examples of organizations are:

Type of Organization	Functions	Examples
Adaptation	Acquire resources	Businesses
Goal attainment	Set and implement goals	Government agencies
Integration	Maintain and coordinate system	Courts
Latency or pattern	Transmit culture and values	Educational and religious maintenance organizations

Because organization theory involves the use of models to describe important dimensions of an organization, we will study several typologies in this course. For example, in chapter 3, a typology based on Duncan's classification of perceived environmental uncertainty has been developed. In chapter 4, Thompson's typology on technological interdependence is discussed in terms of its influence on organizational structure. Typologies lend some insight into understanding organizations and serve as a good basis upon which to analyze cases. Typologies must be relatively simple, yet complete enough to enable distinct categorization and development of understanding and comparison among types of organizations. Because of a typology's simplicity, a difficulty to some is in placing organizations in just one category. Look for dominant characteristics as you classify an organization, acknowledging that there are overlapping areas, but not getting *hung up* on them. When studying conglomerates, each product division may be categorized separately on the typology.

DISCUSSION QUESTIONS

1. **What is one contingency factor that might help explain the poor performance of GE when Jeffrey Immelt was CEO? Explain.**

   ANSWER: Students' answers to this question will vary, but they should demonstrate their understanding of contingency factors. Some students may say that size is the cause of GE's poor performance. It's possible that poor performance in some of the organization's many business units is damaging GE's overall performance, and the organization is simply too big to take advantage of any benefits stemming from diversification. This would explain why more recent CEOs have taken steps to sell off important business units under the GE umbrella. An organization as diversified as GE may also struggle to pinpoint goals and strategies that work for the organization as a whole. Some students may also note that in today's rapidly evolving, global business environment, it is challenging for complex and bureaucratic organizations like GE to quickly respond and adapt.

2. **Describe some ways in which the digitalization of business has influenced or affected an organization with which you are familiar, such as your college or university, a local retailer or restaurant, a volunteer organization, a club to which you belong, or even your family. Can you identify both positive and negative aspects of this influence?**

   ANSWER: Students' examples used to answer this question will vary, but they should demonstrate an understanding that technology is now used to do far more than streamline operations. The text describes two specific ways organizations are using technology: First, organizations are using digital technology, and particularly social media, to communicate with members and potential members and to attract and inform more desired members. Second, some organizations have access to digital tools that allow them to collect data on customers or consumers in general, which allow the organizations to adapt their products and services, as well as their marketing messages and other communications, to better meet the needs and expectations of their target audience. While these uses of technology help organizations be more efficient and more effective, there is potential for organizations to mismanage or even abuse the data they collect, which can harm consumers and ultimately the organizations as well.

3. **A handful of companies on the Fortune 500 list are more than 100 years old, which is rare. What organizational characteristics do you think might explain 100-year longevity?**

   ANSWER: Companies that maintain longevity must be flexible. This includes flexibility with organizational structures and ongoing relationships with employees and the external environment. The ability of organizations to offer competitive pricing and bring together resources in an innovative manner and over time contributes to its success. Scientific management played a role in this and the Hawthorne studies contributed the understanding that positive treatment of workers contributed to their longevity with the organization which decreased turnover and maximized expertise among the labor pool.

4. **Can an organization be efficient without being effective? Can an inefficient organization still be an effective one? Explain your answers.**

ANSWER: Efficiency refers to the amount of resources used to achieve the organization’s goals. **Effectiveness** means the degree to which an organization achieves its goals. An organization cannot be efficient without being effective. To be effective, organizations need clear, focused goals and appropriate strategies for achieving them. For example, a physician’s office in Philadelphia increased efficiency by using information technology to reduce paperwork and streamline procedures. The new system also improved effectiveness because staff can locate information more quickly and make fewer mistakes, leading to a higher quality of care and better customer service.

5. **What is the difference between formalization and specialization? Do you think an organization high on one of these dimensions would also be high on the other? Discuss.**

ANSWER: Formalization pertains to the amount of written documentation used to direct the organization, including procedures, job descriptions, and policy manuals. Specialization pertains to the extent to which tasks are subdivided so that each employee performs only a narrow set of activities.

Generally, these characteristics are associated so that an organization would tend to be high or low on both. As an organization becomes large, for example, tasks would become more specialized. Formalization would then be required to provide rules and regulations to specify specialization. A few organizations may deviate from this relationship, but generally an organization high on one characteristic will tend to be high on the other.

6. **What does *contingency* mean? What are the implications of contingency theory for managers?**

ANSWER: *Contingency* means that one thing depends on other things, and therefore for an organization to be effective there must be a good fit between its internal structure and its external environment. There are no universal principles that apply to every organization in every situation. There is not one best way. *Contingency* means that "it depends." Thus, managers should diagnose their unique situation before deciding on the management approach to take.

7. What are the primary differences between an organic and a mechanistic organization design? Which type of organization do you think would be easier to manage? Discuss.

ANSWER: A **mechanistic** design means that the organization is characterized by machine-like standard rules, procedures, and a clear hierarchy of authority. Organizations are highly formalized and are also centralized. An **organic** design means that the organization is much looser, free-flowing, and adaptive. Rules and regulations often are not written down or, if written down, are flexibly applied. It would be easier to manage a mechanistic organization because most decisions made at the top whereas in an organic design people may have to find their own way through the system to figure out what to do. The hierarchy of authority is looser and not clear-cut. Decision-making authority is decentralized.

8. What does it mean to say an organization is an open system? How is the stakeholder approach related to the concept of open systems?

ANSWER: An **open system** must interact with the environment in order to survive. Open systems cannot seal themselves off like closed systems and must continuously adapt to the environment. Managers carefully balance the needs and interests of various *stakeholders* in the environment in setting goals and striving for effectiveness. This is referred to as the **stakeholder approach**, which integrates diverse organizational activities by looking at various organizational stakeholders and what they want from the organization. A **stakeholder** is any group within or outside of the organization that has a stake in the organization's performance. The satisfaction level of each group can be assessed as an indication of the organization's performance and effectiveness.

9. What are some differences one might expect among stakeholder expectations for a nonprofit organization versus a for-profit business? Do you think nonprofit managers have to pay more attention to stakeholders than do business managers? Discuss.

ANSWER: Stakeholders in a for-profit business want the company to be successful and to make a profit. While they are concerned with social responsibility, this will most likely be a secondary consideration. Managers in a nonprofit are expected to direct their efforts toward generating some kind of social impact. They are expected to keep costs low and be highly efficient to demonstrate to supporters that they are serving the public. They must pay more attention to stakeholders because they determine funding and direction of the organization.

10. Early management theorists believed that organizations should strive to be logical and rational, with a place for everything and everything in its place. Discuss the pros and cons of this approach for today's organizations.

ANSWER: Early management theorists thought in terms of machine system efficiency. The external environment may have been more stable and the technology simpler so that an orderly organization system was possible. This approach to management will not work today. Organizations must adapt to the external environment, cope with differences in goals and commitment of employees, survive in a chaotic world, and try to cope with the enormous complexity of social systems. Managers can try to increase the logic, rationality and efficiency of organizations, but they will not achieve a system of perfect order, and should not feel that they are failures when they cannot do so.

WORKBOOK ~ MEASURING DIMENSIONS OF ORGANIZATIONS

This activity allows students to begin a preliminary consideration of different organizations' dimensions. Ask students what clues made them rate one organization as having, for example, *many written rules,* while they rated another as having *few rules.* For a meaningful discussion of the interrelationship of dimensions, you may pick out a particular dimension that interests the class, and find out what other dimensions tend to go along with it. For example, to contrast an organization with high specialization (1-3) to an organization with low specialization (7-10), ask the students who rated an organization as low to look at that organization's other variables. How many rated the low specialization organization as having *few rules* (7-10)? How many rated it as having a *flat hierarchy of authority?* Then consider an organization with high specialization. How many rated it (7-10) as having *few rules?* How many rated it (7-10) as having a *flat hierarchy of authority?* Record results on transparency or PowerPoint slide.

ORGANIZATIONAL DIMENSIONS

	Formalization			
Many written rules	1-3	4 -6	7-10	Few rules
	Centralization			
Follows manager	1-3	4 -6	7-10	Makes own decisions
	Technology/Work Variety			
Work varies daily	1-3	4 -6	7-10	Same routine work daily

Caution students not to consider any relationships between dimensions as cause-and-effect or dependent. Relationships between dimensions, at this point, are to be regarded only as a basis for discussion. The textbook will present findings on relationships between dimensions in subsequent chapters. Students can use this scale to measure GE, presented at the beginning of the chapter, in terms of its organizational dimensions.

CASE FOR ANALYSIS: Craft Originalities, Inc.

After decades of explosive growth under the direction of founder Bibby Burnett, Craft Originalities is now under the leadership of his son, Bob Burnett. Since the 2008 economic crisis, the organization has been struggling, and Bob is faced with significant challenges. He needs a new vision and a new strategy. He can see that productivity is low, but he has virtually no data regarding production levels or sales. The various supervisors and foremen are unable to provide the insights he needs, and his largely unskilled workforce is content with the status quo. Bob is well aware that the organization is in crisis mode, but it's as if he's the only one who recognizes that things at Craft Originalities must change soon before it loses out to competitors like Saint Crafters.

1. **Assuming the survey scores are accurate, what conclusions can you draw about Craft Originalities' culture? What is your evidence?**

    ANSWER: The survey results indicate that Craft Originalities' employees are content with their jobs, their pay levels, and their work environment, and thus they are thankful for their jobs. Positive average scores appeared for statements regarding the work itself, co-workers, and supervisors. It is likely that most of these employees enjoy the easy work, slow pace, low expectations, and casual culture. In general, it would appear that there is no desire or motivation for change, nor do they understand the ramifications if the company fails to adapt.

2. **If Craft Originalities adopted a mass production manufacturing process similar to its competitor, Saint Crafters, how do you think that would affect the attitude scores of the workers? Explain.**

    ANSWER: If Craft Originalities were to adopt a mass production manufacturing process, it would change the work environment dramatically. Employees would be pressured to work harder to accomplish more in less time. They would probably be required to learn new skills. Especially in the early stages of the transition, supervisors would have to push employees to adapt to the new expectations. Additionally, everyone would need to do more to document production and collect data. Given that employees are generally very content with the easygoing culture as it exists now, we can predict that most employees would dislike and resent the changes. Just as they did when the new supervisors were hired, they would probably express their unhappiness through complaints and gossip. Attitude would decline, and morale would suffer.

3. How do you think the rural environment might have influenced the lack of formalization and casual work environment at Craft Originalities? Discuss.

ANSWER: Located in a rural community, Craft Originalities probably does not have a very large pool of workers to choose from. Thus, the company hired family members and friends to fill positions throughout the two plants, which grew rapidly and organically. In such an environment, it's easy to see how existing employees might simply provide on-the-job training to new employees without ever documenting procedures and policies. Given that they live in the same community and spend so much time together, the employees probably see themselves as an extended family, rather than formal colleagues or co-workers. Also, in the early days, the organization's founder and leader was so focused on producing and selling products that he placed a low priority on documentation or data collection. This perspective has been handed down to all members of the organization as it has grown.