

University of Colombo, Sri Lanka

Faculty of Graduate Studies

Postgraduate Diploma in Labour Relations and Human Resource Management

Semester I - Examination, August 2017

PgDLRHRM 503 Organizational Behavior

Time Allowed: Three (03) hours

Answer **FOUR (04)** questions in all including **Questions** Number **one (01)**

1. Read the following case and answer the questions given at the end of it.

Frank Lorenzo had a dream from the very childhood to own an airline. He grew up in New York City in the shadow of LaGuardia Airport, became fascinated with the airline industry and vowed one day to be an owner of major airline.

He and a friend invested \$ 25,000 each in 1969 to start an airline consulting firm called Jet Capital. In 1971, they took control of a small regional airline known as Texas International. Lorenzo was successful in running this airline and was able to take over a major carrier, Continental Airlines in 1981.

Being an aggressive and determined decision maker, Lorenzo decided to streamline the operations of Continental Airlines. He authorized a detailed and analytical study of its cost structure and concluded that the overhead costs, specially the labour costs, were too high and especially the labour costs. His study indicated that the labour costs of U.S. airlines was about 20 per cent higher than the comparable labour costs of international carriers. He decided to take steps to lower the labour costs.

Lorenzo asked the labour unions to negotiate lower wage rates in order to make continental airlines more competitive. The unions refused Lorenzo was adamant and stuck to his position that labour costs had to be reduced and he refused to consider the other options. In a bold move in 1983, Lorenzo declared bankruptcy for continental airlines to break the existing labour contracts and employ non-union workers at a much lower cost.

Even though, the labour unions became his enemies, he was able to hire new employees and with lower labour costs. Continental was able to reduce fares and increase its market share rapidly.

In 1986, Lorenzo made a series of bold moves and acquired *Peoples Express Airline*, *Frontier Airlines*, and *Eastern Airlines*, which was one of the largest airlines in America, at this time, was having its own trouble with its labour unions and these unions were very strong and enjoyed tremendous power in negotiating settlements with the management. Lorenzo's acquisition of Eastern Airlines made the unions even more determined to get what they wanted.

During negotiations, virtually every concession he requested from labour was denied. The union went on strike in 1989. Lorenzo, once again took Eastern into bankruptcy, hoping to repeat the success of continental experience. It did not work. The union were too strong. Eventually, his control of Eastern was taken away from him by the courts. In 1990, he also relinquished his Texas Air and in January 1991, Eastern Airlines was shut down once and for all.

In a bold attempt to come back into the airline industry, Frank Lorenzo applied to start another airline named ATX to serve East coast points from Washington area. His bid has been opposed by the unions who consider him as a destroyer of airlines. His bid may or may not be approved but he has become the most controversial and perhaps most disliked person in the airline industry because of his management tactics in managing an airline.

- i. Discuss the personality traits of Frank Lorenzo and explain whether he is having **type A** or **type B** personality. You may cite evidence from the case support your answer.

(10 marks)

- ii. How did the attitudes of both Lorenzo and the Union affect the operations of Eastern Airlines?

(07 marks)

- iii. If you were hired as a consultant and as an arbitrator to advised and handle the dispute at Eastern Airlines, what recommendations would you provide the company to address the problem amicably?

(08 marks)

(Total 25 Marks)

2. Behavioural characteristics are considered to be both inherited and learn characteristic Explain how these both characteristics can influence on behavior of a person.

(25 Marks)

3. i. Compare and contrast the Maslow's Hierarchy of needs, and Herzberg's two factor theory and explain how such theories can be used to motivate the employees in organizations.

(15 marks)

- ii. The researcher, Albert Bandura, who developed self-efficacy theory, argues that there are four ways self-efficacy can be increased. Identify these four ways and explain briefly with suitable examples.

(10 marks)

(Total 25 Marks)

4. i. "Perception is a mental and cognitive process that enables us to interpret and understand our surroundings environment". Identify and explain the three major characteristics which influences on the Perception process.

(09 marks)

- ii. The attribution theory explains how people determine why others behave as they do. This model suggests that in making causal attributions, people focus on three major factors. Explain these factors that contribute towards the validity of attribution theory.

(10 marks)

- iii. Explain with examples the barriers to perceptual accuracy.

(06 marks)

(Total 25 Marks)

5. i. Sigmund Freud developed the idea that much of one's adult personality stems from a fundamental conflict between a person's desire to gratify her physical needs and the necessity to function as a responsible member of society. This struggle is carried out in the mind among three systems (id, ego, and super ego).

Explain with examples the concepts of these three ego status of human behavior.

(15 marks)

- ii. "Some behavioral scientists argue that personality characteristics are derived from heredity factors and the right type of environment only bring them out". Comment on this statement.

(10 marks)

(Total 25 Marks)

6. i. How do you relate Pavlov's experiments with dogs to the human behavior? Explain with examples.

(13 marks)

ii. Explain the four basic reinforcement strategies which can be employed in encouraging desirable behavior and discouraging undesirable behaviour.

(12 marks)

(Total 25 Marks)

7. Briefly describe any Five (05) of the following:

i. Tricomponents of Attitudes

ii. Cognitive Dissonance Theory

iii. Five Core Job Dimensions

iv. Pros and Cons of Telecommuting Concept

v. Seven Primary Characteristics of Organizational Culture.

vi. Group Cohesiveness

vii. Transactional Analysis

viii. Characteristics of 'Y' generation

ix. Ways and means of managing interpersonal and inter-group conflicts

(05x5=25 Marks)
