INDUSTRIAL/ORGANIZATIONAL PSYCHOLOGY CASE STUDY
SUMMER AND FALL 2019
(Required for all applicants)

The Case Study provides an opportunity for applicants to put Psychology and Science into practice (as expected in the program). It represents a realistic preview of how one might be engaged to drive consultative intervention aimed at improving conditions for employers and employees alike.

This is a business case that asks you to write about the company, General Electric, from an I/O Psychology vantage point. In addition, it will allow for the inclusion of personal strengths, key background experiences, and personal perspective. Include personal challenges, priorities, goals, and achievements that might bear on candidacy for admissions to the program. Bring your own history, previous studies, business experiences, and interests into focus to address the real-world human capital challenges and opportunities the case presents.

The General Electric (GE) Case:

Background Summary / Business Conditions

Even the mightiest of companies may eventually find that best years behind them. One of most successful and venerable conglomerates of corporate industry, General Electric, has struggled of late. With stability and long term tenure the norm, General Electric built a formidable business and a solid reputation under the likes of former legendary CEO, Jack Welch. Staff counted on decades with the firm, or with such good managerial training, a move outside to run a bigger stake elsewhere. Tenure for CEOs ran many years, with multiple candidates ready and waiting, to now just one year, and nobody qualified inside to take the helm.

Pride in the firm, the values embedded, and the quality of products made GE a beacon for quality staff, signed up for the long haul. Then came the financial crisis. The Great Recession was almost far more troubling because of the GE Capital division that aimed to make GE a player in finance. There was a time when many wondered whether the whole financial system might collapse as a function of the substantial debt and risk that GE Capital had accumulated which might have pulled the whole financial system under.

Troubles have persisted for more than a decade now at GE. It is one of the only companies not to have fully recovered value and share pricing throughout the decade post the Great Recession. As the market has generally tended upward, GE has missed earnings estimates multiple times, disappointed shareholders, and surprised stock analysts with lowered expectations.
Recently, the CEO was once again replaced. This time, the tenure was just over a year since the last change. After a long history of promotions from within, and talent management prominence, an outsider was selected. Larry Culp joined GE from Danaher, where he served in a CEO capacity already (at a smaller industrial firm).

**Employee Values / Vision / and Loyalty Adjustment**

The previous CEO, John Flannery, was specifically chosen from inside the firm. Flannery represented a tradition of growth from within. In his 30 year career, he was heralded as a stable and steady leader, knowing what needed to be done, but unlikely to rock the boat beyond reason. Suddenly, the Board seems to suggest that the boat may have become too comfortable.

Or, at least, the decision was seemingly made to replace Mr. Flannery, because he was viewed as indecisive, and moving too slowly to fix the challenges. In going outside GE, the Board has attempted to calm external shareholders, who have little faith remaining, after a string of earnings misses and lesser revenues.

But pulling an external CEO will likely be perceived as a “threat” to the General Electric way. Long a source of pride for staff, and for customers, the quality reputation and laurels have become too great to rest upon. The future less secure than ever. Big debt burden, with interest rates rising, suggests more troubles may be ahead.

A giant conglomerate pulling in billions in revenues, GE may already be considered too big to manage and unnecessarily unwieldy. Assets are planning to be shed to help stop the losses. Whole businesses within GE may be shorn off, or sold to raise funds. This won’t necessarily be a familiar atmosphere, and the new CEO must move very quickly to put a stamp on his changes, most likely even faster changes ahead within the next year.

**Leadership and Management Reorientation**

The latest quarterly results reported for General Electric still show significant challenges for the power business. An ill-timed investment in France, just as the market peaked, left too much capacity in shrinking demand. This still remains a most significant portion of the problems to be fixed, and fast. To stem the losses there.

This abrupt CEO replacement and redirection will undoubtedly rattle the Human Resources processes and systems that were in place that brought GE to this point. Few may have anticipated the urge to go outside and to look for a different style, strategy, and approach. For decades the GE Human Resources functions were heralded as leading edge, having the full support and endorsement of senior management, and a seat at the table.

Larry Culp may well wish to revamp the culture and climate at GE to be anything but comfortable. That will likely push moves away from the tried and true, the successful and stable. Job security, direction certainty, and working conditions could be radically different in the year ahead alone.

GE management and staff must reorient to look carefully at costs, choices, and priorities moving forward. Turnaround is needed across significant sections of the company. Innovation and change must be the norm, not the exception. Difficult decisions must be made quickly, and swift actions will not allow much time for debate, socialization, or group approval. Clearly the dismissal of Mr. Flannery suggests that those standing in the way of all out full-fledged progress toward a new and revitalized GE, may find themselves without a place in the firm.
**Working Conditions and Employee Morale**

Charges were recently filed against the firm which may also impact employee concerns. Known for ethics, GE has now been accused of taking charges inappropriately to overestimate their financial positioning. This may have drastic effects on employee trust, compliance, and support for senior management initiatives. Should staff feel that their way of life is being altered due to gross mismanagement and fraud, loyalty and commitment suffer.

The switch from a thirty year veteran insider to an external CEO aiming to revamp will also mean that major changes will accelerate. At a time when robotics, big data, and artificial intelligence may be set to replace even more significant numbers of GE workers, staff may simply dig in their heels. They have been through a lot.

New and different types of employees may need to take the lead, shoving aside long-term workers, unfamiliar with the newer methods and technologies. Whole businesses may be severed or sold. Being a part of the GE family of companies won’t be what it was. GE has tried to move into wind power and alternative energy solutions as well. These markets are proceeding quickly, however, as price and competition have increased, with demand rising. But efforts so far, may already suggest that GE recent investments in these areas aren’t keeping pace, nor making up for losses in the traditional power areas. Employees will need to re-engage with the GE brand, the enterprise, and the future, quickly, and fully, while under attack in older manufacturing context, in the new age. The good news might be that recruiters may not need to pull candidates to the glory days, in joining a stodgy old manufacturing firm. But that may also be tempered by neither being a call to join a brilliant new startup tech firm, or hedge fund though either. Attracting, retaining, and rewarding the future GE staff will not be easy in these new hardship and pullback realities.

You are asked to intervene to assist the firm and General Electric’s staff to figure out what to do, when, and how.
Case Study Guidelines:

Write a 1,500 word case study describing how you might advise and help General Electric. The interpersonal issues and customer challenges must be addressed on multiple levels including operational, technology, employee engagement, leadership, morale and commitment – and put into the larger context of a slow growth global economy, increased competition, and added government imposition with trade barriers, tariffs, and price pressure.

Specifically, what are the major areas of concern you have about the current situation at GE in terms of the challenges in the current business context? What data might be gathered and analyzed to understand the concerns and the viability of potential solutions? What might be involved to address staff concerns? In what ways might the issues parallel those for other competitors under scrutiny vs. spring uniquely from this specific situation, leadership, and staff at General Electric?

In what ways might leadership positioning and the relationships with employees improve? What benefits might be gained by suggested consultative intervention at GE? What risks or downsides might need to be avoided?

What tradeoffs need to be evaluated? How might individual staff, work teams, and the overarching organization as a whole be involved to understand what to do now? How could successful change be measured? What might indicate that the intervention had addressed the most important problems needing to be addressed? What might a realistic practical business solution involve and entail?

From a personal and professional development perspective, what components from previous training, education, and work experience would help you to investigate, inform and improve the situation for GE? Why might you be the best candidate to address these issues? What personal strengths, skills and special abilities could be utilized so as to be selected in competition to earn this assignment? How might taking on this assignment through the NYU I/O Psychology program address your professional development and career aspirations?

Your case study must be unique and an original work of your own creation. The document submitted must not exceed 1,500 words, not including references. The essay should be solely of your own writing and ideas. Content beyond 1,500 words will not be considered. As science, parsimony is key. You may cite research, or other ideas by including explicit references for any external resources paraphrased or copied from other sources.

Evidence that this case study has quoted material or ideas lifted without proper reference or written by third parties will result in application rejection. This assignment is designed to personally engage and reflect your understanding of models of psychology, business, science, analytical methods, and your professional development goals in the service of applied problem solving. Therefore, minimize restating the problem and information given in the prompt and focus on value-added ideas: prioritizing, ordering and answering questions, providing solutions.

(more)
In addition, create a short video (no more than 5 minutes in length) of yourself addressing two topics:

- Deliver an executive summary of your approach to the case. The key topics and resolution suggested should be professionally presented as if to an organization in a business format and context.
- Explain your career goals and interests as they relate to the approach presented in the case study.

You will find detailed instructions for uploading your written case study and the URL link to your video in the online application. (When you are logged in to the online application, click “Psychology” in the list of links on the left, then scroll down the page to “Industrial/Organizational Applicants Only”.)

Recent relevant media references and sources utilized for this case include:


G.E. Ousts Chief Just Over a Year After Picking Him to Lead a Turnaround, New York Times, October, 1, 2018, Lohr, S., & Granville, K.

You may also want to consider other reference books, magazines, journal articles, or business sources to inform your thinking about I/O Psychology and the particular issues involved within the GE case.