



**NATIONAL OPEN UNIVERSITY OF NIGERIA**

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**COURSE TITLE: Structure and Strategy**



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
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## **UNIT 1**

## **Strategic Management: Definitions**

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### **1.0 INTRODUCTION**

Going by the many challenges and opportunities in the global marketplace, today's managers must do more than set long-term strategies and hope for the best outcome (Begley & Boyd, 2003). They must go beyond what some called "incremental management", a situation whereby they view their job as making a series of small, minor changes to improve the efficiency of their firm operations. This is base on the fact that as the pace of 'change' is accelerating globally especially in the workplace, so also is the pressure on managers to give the necessary strategic direction to their firm.

### **2.0 OBJECTIVES**

By the end of this unit, you should be able to:

- Explain what strategic planning is all about
- Understand the essence of good planning in an organization
- Identify limitations of organizational strategy

### **3.0 MAIN CONTENT**

#### **3.1 DEFINITION OF STRATEGY**

Strategy is a word with many meanings and all of them are relevant and useful to those who are charged with setting strategy for their corporations, businesses, or organizations. Some definitions of strategy as offered by various writers are briefly reviewed below.

Chandler (1962), defined strategy as “the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources for carrying out these goals.”

Anthony, (1965), sees strategy as “the pattern of objectives, purposes or goals and major policies and plans for achieving these goals stated in such a way as to define what business the company is or is to be in and the kind of company it is or is to be. Here we can see the emergence of some vision of the company in the future as an element in strategy.

In effect, Mintzberg (1994) declared that strategy is a plan, a pattern, a position, a perspective and, in a footnote, he indicated that it can also be a ploy, a maneuver intended to outwit a competitor.

Generally, strategy can be defined as a method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem.

Another definition sees strategy as the art and science of planning and marshalling resources for their most efficient and effective use. Strategy management consists of the analyzing, decisions, and action an organization undertakes in order to create and sustain competitive advantages. This definition captures two main elements that go to the heart of strategy management.

Firstly, the strategic management of an organization entails three ongoing processes: analysis, decision, and action. That is, it is concerned with the analysis of strategic goals (vision, mission, and strategic objectives) along with the analysis of the internal and external environment of the organization.

Secondly, leaders must make strategic decisions; these decisions broadly speaking address two basic questions: what industries should we compete in? How should we compete in those industries? Taking decision is of little value unless such decision is acted upon. Therefore, firms must take the necessary actions to implement their strategies. This leads us to plan and planning.

#### **3.2 PLANS AND PLANNING**

Plans of action, whether for business or for any other things, always have two fundamental aspects: ends and means — what is to be achieved and how it is to be achieved. The ends sought might be broad, far-reaching, and off in the distant future. Or, they might be nearby, tightly focused, and well defined. And, whether we label these future results “goals,” “aims,” “targets,” or “objectives” is of little consequence. The same is true of the means chosen to attain one’s

ends. We might call these “programs,” “actions,” “steps,” “initiatives” or we might even reuse



the word “plans.” As is the case with ends, means, too, might be very broad or very narrow, and long-term or short-term.

Needless to say, the scope and scale of our plans, thinking, and managerial activity varies. At least three levels of strategy and planning are widely accepted:

- enterprise level
- business unit level
- functional level

Those combinations of ends and means we call plans can be found at all three levels of organization. Strategies, too, exist at all three levels. Consequently, one can and should find strategic thinking, planning, and management at all three levels.

Planning has been defined in various ways, ranging from thinking about the future to specifying in advance who is to do what and when to do it. For our purposes, we will define planning as “the activity of preparing a plan” and we will define a plan as a set of intended outcomes (ends) coupled with the actions by which those outcomes are to be achieved (means). To plan, then, is to specify the ends sought and the means whereby they are to be attained.

Planning can be formal or informal and involve lots of documentation or very little. The information base can be large and captured in a wide range of reports, studies, databases, and analyses, or it can rest entirely on the personal knowledge of a few people, or even just one. Plans, and thus the planning activities that produce them, frequently will address timeframes, either generally, or in the form of milestones and perhaps detailed schedules. Resources, too, might be addressed, whether in terms of money, space, equipment, or people. There are no predetermined, mandatory guidelines to follow; it is a matter of doing what is appropriate for the task at hand. Strategic planning is a different matter.

### **SELF ASSESSMENT EXERCISE 1**

- 1) Give at least 2 definitions of strategic planning
- 2) Explain three levels of strategy and planning in an organization

#### **3.2.1 Strategic Planning**

Strategic planning is a defined, recognizable set of activities. These include:

- establishing and periodically confirming the organization’s mission and its corporate strategy, what has been termed “the context for managing”.
- setting strategic or enterprise-level financial and non-financial goals and objectives
- developing broad plans of action necessary to attain these goals and objectives
- allocating resources on a basis consistent with strategic directions and goals and objectives, and managing the various lines of business as an investment “portfolio”

- deploying the mission and strategy, that is, articulating and communicating it, as well as developing action plans at lower levels that are supportive of those at the enterprise level.
- monitoring results, measuring progress, and making such adjustments as are required to achieve the strategic intent specified in the strategic goals and objectives.
- reassessing mission, strategy, strategic goals and objectives, and plans at all levels and, if required, revising any or all of them.

### **3.2.2 TECHNIQUES INVOLVES IN PLANNING**

The techniques involved in strategic planning and management generally include some variation of the following:

- a strategic review or audit intended to clarify factors such as mission, strategy, driving forces, future vision of the enterprise, and the concept of the business
- a stakeholders' analysis to determine the interests and priorities of the major stakeholders in the enterprise (e.g., board of trustees, employees, suppliers, creditors, clients, and customers)
- an assessment of external threats and opportunities as well as internal weaknesses and strengths (known variously as SWOT or TOWS), leading to the identification and prioritization of strategic issues
- either as part of the assessment above, or as a separate exercise, the identification of "core" or "distinctive competencies"
- also as part of the assessment above, or as separate exercises, the playing out of "scenarios" and even "war games" or simulations
- situational and ongoing "scans" and analyses of key sectors in the business environment, including industries, markets, customers, competitors, regulators, technology, demographics, and the economy, to name some of the more prominent sectors of the environment
- various kinds of financial and operational performance audits intended to flag areas where improvement might yield strategic advantage.

### **3.2.3 Importance of strategy to organization**

Why is planning so important and why must it be done in concert with a strategy? From a macro perspective, business today gets done in a global marketplace. Change is occurring at an unprecedented pace. Time and distance continue to become less and less relevant due to the explosive growth of technology and the Internet.

There was a time when strategic planning was done by the biggest companies, and those who lead change. Now, it is a requirement for organizational survival. Leaders of business must be looking ahead, anticipating change, and developing a strategy to proactively and successfully navigate through the turbulence created by change.

At a micro view, the level of any individual company, strategic planning provides a company's purpose and direction. That is, how the organization is going to get somewhere they don't know

where they are going? Everyone in an organization needs to know the direction of the organization in terms of what they sell or do and who their target customers are. A good strategy will balance revenue and productivity initiatives. Without strategic planning, businesses simply drift, and are always reacting to the pressure of the day. Any organization that do not plan have exponentially higher rates of failure than those that plan and implement well.

It requires business leaders to accept that yesterday's success does not ensure success in the future. It requires challenging the status quo, changing behaviours, implementing new procedures, hiring different people, and putting new systems in place in order to deliver on the strategy. The best plans and ideas without great execution are just plans or ideas, therefore, regardless of the size of an organization, a strategic plan is the foundation on which all business activities can be connected and "aligned".

### **3.3 INGREDIENTS TO SUCCESSFUL PLANNING AND IMPLEMENTATION**

- 1) Creating Vision and Direction that is Simple and Clear** – a strategy may be fairly complicated at the highest level but the closer it gets to the front line and the marketplace, the simpler it has to be.
- 2) A Good Plan** – is well thought out, challenges assumptions, and is created with input from sources inside and outside the organization.
- 3) Great Execution** – requires commitment from the very top. This commitment must be demonstrated through behaviour, investment, communication and accountability. The plan is a living document that must become part of the culture and updated to reflect changes in the environment.
- 4) Communication** – continuously using different medium and in terms that connect individuals and their roles to the vision and success of the organization

### **3.4 BENEFITS OF GOOD PLANNING**

Here are a few of the benefits of good planning and great execution;

- 1) Better Decisions** – Information communicated through vision and strategy allows people to make the best decisions (hiring and rewarding the right people, adopting and developing the right systems, making the right investments, etc).
- 2) Increased Energy** – Resulting from rallying behind a cause, and elimination of conflict and confusion of priorities.
- 3) Increased Capacity** – People are focused on what is important and less concerned about what is not.
- 4) Improved Customer Satisfaction** – A true test of value and leads to higher retention and growth.
- 5) Competitive Advantage** – Doing what you do better than others.
- 6) Better Solutions** – Uncovering the enormous intellectual and creative capacity of an organization that collectively works toward solutions rather than a relying on select few.

**7) Market Recognition** – Over time you can “own” a position and space in the marketplace.

**8) Greatly enhances the chance of success**

### **3.5 LIMITATIONS OF STRATEGIC PLANNING**

Strategic Planning has limitations, such as the following:

1. Strategic Planning is not a way of making future decisions. There is no way anyone can predict the future. Strategic Planning provides overall guidance and direction based on what we think will happen.
2. Strategic Planning is not a blueprint for the future. There are too many changes taking place - marketplace is changing, customer preferences are changing, new competition, new technologies, new opportunities, declining financial condition, etc. Strategic Planning is a dynamic process, which is receptive to change.
3. Strategic Planning cannot resolve critical situations threatening the organization. Strategic Planning will not get you out of a crisis. The organization should be stable before engaging in strategic planning.
4. Strategic Planning should not replace good intuitive judgement. If an organization is lucky enough to have good intuitive thinkers, then exercise extreme care before embarking on formal strategic planning. You do not want to destroy intuitive thinking within the organization.
5. Strategic Planning will not identify all critical issues related to the organization. Strategic Planning attempts to identify the most significant issues that will confront the organization. By focusing on major issues, strategic plans minimize the detail and thereby improve the chances for successful implementation.

### **SELF ASSESSMENT EXERCISE 2**

Give 5 advantages and 5 disadvantages of strategic planning in an organization

#### **Problems the strategic planning raises for organizations**

Strategic planning can raise new problems for an organization. Some of the pitfalls associated with strategic planning include:

1. Strategic Planning is difficult. It requires that people think differently. Strategic planning needs to be a creative process with new ideas. Many people are not well suited for this type of decision making. New relationships and roles are often necessary within strategic planning. Some people are not comfortable with new activities and tasks.

2. Strategic Planning is time consuming. It requires the involvement of people, not to mention research time, reallocating resources, changing the organization, etc. All of this can drain the organization, especially if resources are scarce.
3. Strategic Plans can be bad! Poor assumptions, overly optimistic projections, and other bad decisions can result in a bad strategic plan. A bad strategic plan will lead to serious problems for the organization.
4. Impossible to Implement. If upper-level management fails to support the Strategic Plan, then implementation will be impossible and the overall process will have been wasted. Additionally, there can be internal resistance to strategic planning. People resist strategic planning for several reasons: some employees can complain that it not makes sense, others can claim that there is not enough time, do not understand why we are doing this.

Since strategic planning raises critical issues, it usually leads to change. Therefore, it will be important to understand how to implement change. You can reduce the impact of change on people by following these guidelines:

1. Allow some input and involvement from people. As long as they have a say in change, they tend to accept it better.
2. Try to avoid threatening the security of people. When change affects the security of people, they will resist.
3. Make sure change follows a pattern of previous decisions that were successful. If you are trying to implement change after several failed attempts, your chances of success are limited.
4. Make sure everyone understands why change is taking place.
5. Change should take place based on planning. Change should never be experimental.

The best way to plan for change is within the strategic planning process. And since change is so prevalent throughout an organization, almost every manager should make strategic planning part of his or her job. The next step in the process is to organize how a strategic plan will be developed.

#### **4.0 CONCLUSIONS**

Strategy is a useful concept, even in all its many variations. Strategic planning is a useful tool, of help in managing the enterprise, especially if the strategy and strategic plans can be successfully

deployed throughout the organization. Thinking and managing strategically are important aspects of senior managers' responsibilities. All these are part of what it takes to manage the enterprise. None of them is sufficient.

## **5.0 SUMMARY**

What you have learnt in this unit concerns strategy management, planning strategy, importance of strategy to organization with emphasis on benefits of good planning and limitations of strategic planning.

## **6.0 TUTORED MARKED ASSIGNMENT**

- 1) List five (5) benefits of good planning.
- 2) Justify the assertion in the face of what you have learnt in this unit "if you fail to plan, you are planning to fail"

## **7.0 FURTHER READING**

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## **UNIT 2      CORPORATE STRATEGY**

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## **1.0 INTRODUCTION**

The word corporate implies an assembly of semi autonomous units as members of one body. Therefore a corporate strategy refers to a strategy, which such a corporate body adopts.

Corporate Strategy is the strategy formulated by top management to oversee the interest and options multi-line corporations. It is the course chartered for the total organisation that specifies in what market the organisation will compete. It also addresses the question 'what business should we be in? It also focuses on the way the different businesses an organisation chooses to compete in or should be integrated into.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- Define corporate strategy
- Identify and mention types of strategy
- Mention and explain the importance of corporate strategy
- Explain the characteristics of strategy

## **3.0 MAIN CONTENT**

### **3.1 Definition of Corporate Strategy**

Strategies are the approaches by which long term objective are to be achieved. It is the pattern of significant decision made to fulfill organisation purpose.

Mintzberg (1996) defines strategy as the mediating force between an organisation and its environment; that is, between internal and external context.

Thompson and Strickland (1997) defined strategy as the management action plan for achieving the organised chosen objective i.e. blue print that specifies how the organisation will be operated and what approaches and action will be taken in pursuing the organisation objective.

Corporate strategy is therefore the art or science of formulating, implementing and evaluating cross functional decision that enables an organisation to achieve stated objective.

### **3.2 The Need for Strategy**

The followings are the reasons why businesses strategies.

- There is a significant rise in international competition, the global market has become not only difficult but it is becoming difficult to retain.
- Managers at all levels have the need to understand the strategic and operational changes associated with total quality management (TQM) / Quality Assurance
- Rapid technological change, in other words, if a manager must remain useful and



relevant in today's turbulent business environment, he must be able to help shape and implement new strategies that will enhance business growth and development.

### **3.3 Level of Strategy**

There are three levels of strategies

- Corporate level strategy
- Business level strategy
- Operational level strategy

#### **3.3.1 Corporate Strategy**

The main issue concerned is the overall scope of the organisation i.e. how the organisation should be run both in structure and financial terms. It also deals with how resources are to be allocated, the financial markets and also the issue of diversification and acquisition.

#### **3.3.2 Business Strategy (Competition strategy)**

This strategy is how to compete in the market. The concern is about which products or services should be developed and offered. And the extent to which these will meet customer need in such a way as to achieve the objective of the organisation.

#### **3.3.3 Operational Strategy**

It is concerned with how different organisation (marketing, finance, product personnel) contributes to the other levels of strategy.

### **3.4 Types of Strategies**

David (1991) grouped strategy into the following categories:

- Integration Strategies
- Intensive Strategies
- Diversification Strategies
- Other Strategies

#### **3.4.1 Integration Strategies**

This strategy is further subdivided into vertical and horizontal strategies. Vertical Integration strategies include:

- Forward Integration strategies
- Backward Integration strategies

Horizontal Integration strategies include:

- Mergers
- Acquisition or takeover

### **3.4.1.1 Vertical Integration Strategies**

This includes forward integration and backward integration. The purpose of vertical integration strategies is to enable a firm gain control over its distributors, suppliers and or competitors.

#### **3.4.1.1.1 Forward Integration**

This involves gaining ownership or increased control over distributor or retailer. This method is most effective when organisation present distributors are expensive; unreliable or incapable of meeting the firm's distribution needs can be used by firms that have both capital and human resources to manage the raw business of distributing its own product.

Forward integration is the business level strategy in which a firm takes over a function previously provided by a distributor or a retailer. The primary aim of forward integration strategy is to gain more control over the firm's product quality and distribution networks. Coca-Cola is a global company that has been aggressively implementing the forward integration strategy through the purchase of domestic and foreign retailers as a means of improving its distribution efficiently.

#### **3.4.1.1.2 Backward Integration**

Backward integration is strategy of seeking ownership or increase control of a firm supplier. This type of strategy can be appropriate when a firm's current suppliers are unreliable, too costly or cannot meet the firm needs or when there are urgent needs for a material.

Backward integration can also be defined as a strategy of seeking ownership or increased control of a firm's suppliers. Backward integration strategy primary objective is to minimize resource acquisition costs and efficient operations. It is usually resorted.

### **3.4.1.2 Horizontal Integration Strategies**

Horizontal integration refers to a strategy of seeking ownership or increase control over firm's competitors. Horizontal integration includes mergers, acquisition or take over.

Under this type of strategy, the firm seeks growth through the acquisition of its competitors (one or more business operating at the same stage of the production and marketing chain). The main objective is for access to new market and the elimination of competition. Besides, horizontal integration in the forms of mergers, acquisitions and takeovers among competitors results in increased economics of scale as well as enhance the transfer of resources and competencies. Horizontal integration is the most popular way of seeking growth by firms in recent times.

### **3.4.2 Intensive Strategies**

These are strategies that concentrate efforts to improving a firm's competitive position with existing products. These include: market penetration, market development and product development.

#### **3.4.2.1 Market Penetration**

Market penetration- This is the strategy that seeks to increase market share for existing products /services in present markets through greater marketing efforts. It involves:

- (i) Increasing present customers' rate of usage
  - Increasing the size of purchase
  - Increasing the rate of product obsolescence
  - Advertising other uses
  - Giving price incentives for increased use
- (ii) Attracting competitors customers
  - Establishing shaper brand differentiation
  - Increasing promotional effort
  - Initiating price cuts
- (iii) Attracting non users to buy the product
  - Including trial use through sampling, price incentive etc
  - Pricing up or down
  - Advertising new uses

#### **3.4.2.2 Market Development**

This involves the introduction of old or existing products in new markets geographical areas adding different channels of distribution or by changing the content of advertising or the promotional medial.

Market development is used when new channel of distribution are available, reliable, inexpensive and of good quality. For this strategy to work, the firm

- i. Must be good at what it does and
- ii. These must be new untapped or unsaturated market.

It consists of the following:

- i) Opening additional geographical markets
  - Regional expansion
  - National expansion
  - International expansion
- ii) Attracting other market segments

- Developing product versions to appeal to other segments
- Entering other channels of distribution
- Advertising in other media

### **3.4.2.3 Product Development**

Product development: This is a strategy that seeks increased sales by improving or modifying existing products or creation of new but related items that can be marketed to current customers through established channels.

Product development is centered on improving existing products e.g. panadol-extra.

Product development involves improving or modifying present product or services. Product development usually entails large research and development expenditures. It consists of:

- i. Developing new product Features
  - Adapt (to other ideas, developments)
  - Modify (change colour, sound, odour, form, shape)
  - Modify (stronger, longer, thicker, extra value)
  - Minify (smeller, shorter, lighter)
  - Substitute (other ingredients, process, power)
  - Rearrange (other patterns, layout, sequence, components)
  - Reverse (inside out)
  - Combine (blend, alloy, assortment, ensemble, combine limits, purposes, appeals, ideas)

(ii) Developing quality variations

(iii) Developing additional models and sizes (product proliferation)

### **3.4.3 Diversification Strategies**

There are basically three types of diversification: concentric, horizontal and conglomerate.

#### **3.4.3.1 Concentric Diversification**

This involves the addition of a business related to the firm in terms of technology markets or products. Under the concentric diversification strategy the new business is selected usually with the current businesses. The ideal concentric diversification occurs when the combined company profits increase strengths and opportunities as well as decrease weakness and exposure to risk.

Concentric diversification is known to deal with adding new but related products or services. It is useful when an organisation product is currently in the decline stage.

### **3.4.3.2 Conglomerate Diversification**

This is the type of diversification that involves the additional new, unrelated products or servicing to existing businesses diversification is profit to this and little concern is given to the creation of product / market synergy with existing businesses.

Conglomerate diversification is centered on adding new unrelated product.

### **3.4.3.3 Horizontal Diversification**

This involves the addition of new and related products or services for present customers. Horizontal diversification is not as the firm was already familiar with its present customers.

Horizontal diversification: it is a strategy of adding new related products or services for present customer.

### **3.4.4 Other Survival Strategies**

These other strategies are also referred to as survival strategy they are:

#### **3.4.4.1 Joint Venture**

This occurs when two or more companies form a temporary partnership or consortium for the purpose of capitalizing on some opportunity.

Joint venture may result in formation of a separate organisation where two or more sponsoring firm has shared equity ownership.

Joint venture may be in forms of co-operation arrangements such as research and development partnerships, cross-distribution agreements, cross licensing agreements, cross-manufacturing agreements and joint - brooding consortia. The popularity of joint ventures stems from the fact that they enable firms improves communications and networking, stabilize their operations and minimize risk. More recently, competitors are entering into co-operative agreements as means of improving their businesses. Usually, the collaborating firms contribute distinctive capabilities such as technology, distribution, and basic research or manufacture capacity. However, there is danger of intended transfer of important skills or technology beyond that anticipated by the cooperating firms.

Joint ventures:

- It is popular strategy that occurs which two or more companies form a temporary partnership or some opportunity.
- Joint venture allows company to improve communication and networking.
- To acquire capital and technology
- To develop new product
- To enter new market

### **3.4.4.2 Retrenchment**

Retrenchment: this occurs when an organisation regroup through cost and assets reduction to reverse decline sales and profits. It is a sometime called term around or re-organisation strategy.

This is type of business strategy in which an organisation regroups through cost and assets reduction to reverse declining sales and profits. Declining profits may be caused by economic recessions, production inefficiencies and innovative breakthrough by competitors. The primary objective of retrenchment strategy is the fortification of the firm's basic distinctive competencies. Retrenchment may be accomplished either through cost or asset reduction. These are four types of retrenchment strategies, turnaround, becoming a captive company, divestiture, bankruptcy or liquidation.

#### **3.4.4.2.1 Turn Around**

This strategy emphasizes the improvement of operational efficiency. There are two main phases of a turn around strategy; contraction and consolidation. Contraction is the initial attempt to halt the declining profitability through a general, across the board cutback in size and costs while consolidation is the implementation of a program to stabilise, the new learner firm.

#### **3.4.4.2.2 Captive Company Strategy**

This is becoming another company's sole supplier or distributor in exchange for a long-term commitment from that company. It involves the surrendering of the captive company's independence for security. A company with a weak competitive position may offer to be a captive company to one of its larger customers in order to guarantee the company's confirmed existence with a long-term contract.

Organisation can pursue a combination of two or more strategies simultaneously. Organisation must establish precision to be able to make difficult business decision.

#### **3.4.4.2.3 Divestiture (Divestment)**

This type of strategy business lines sells multiple business limits. Divestiture can be undertaking to raise capital for further strategic acquisitions to get rid of unprofitable businesses that require too much capital or that do not fit well with the firm's other activities and to comply with government antitrust laws.

Divestment involves selling a division or part of an organisation. It is also used to raise capital for further strategic actions.

- It is concerned with selling businesses that are unprofitable.
- That requires too much capital
- That does not fit well with the firm other activities.

#### **3.4.4.2.4 Liquidation**

This strategy involves the selling of a company's assets in parts for their tangible worth. Since the liquidation firm's industry is unattractive and the company too weak to be sold as a going concern management often decide to convert as many salable assets as possible to cash for distribution to stock holders after all obligations have been met.

Liquidation involves selling a company asset, or in parts, for their tangible worth. It is recognition of defeat and consequently can be emotionally difficult strategy e.g.

- Nigeria National Shipping Line
- Nigerian Airways

### **3.5 Porter Generic /Competitive Strategies**

This is formulated at the business unit or product level. Its primary objectives are to provide

basic direction for strategic actions. It places emphasis on the provision of competitive position of a company's services in the specific industry or market segment served by the business unit.

According to Michael Porter competitive strategies are offensive or defensive actions taken by a firm within an industry with the objective of creating defensible position in the long run and outperform competitors in the industry. Corporate and business strategies are generally implemented through competitive strategies.

For Porter, there are three main types of generic competitive strategies. These are: overall cost leadership, differentiation and focus. They are generic because they can be successfully employed by an organisation.

Generic strategies allow organisation to gain competitive advantage for three different bases

- Cost Leadership
- Differentiation
- Focus

#### **3.5.1 Cost Leadership**

This emphasises producing standardized products at very low per unit cost for consumer and client who are price sensitive.

Overall cost leadership is the main thrust of this strategy is the achievement of overall cost leadership in an industry through a set of functional policies aimed at this basic objective.

Under this strategy the firm or business unit designs, produces and markets a comparable product more efficiently than its competitors. Thus low-costs relative to competitors becomes the theme running through the entire strategy, though quality, service and other areas cannot be ignored. This strategy ensures that a firm obtains an above average return on investment as it

protects the firm against all the competitive forces. The successful implementation of this strategy requires - sustained capital investment and access to capital process engineering skills intensive supervision of labour, products designed for ease in manufacturing and low - cost distribution system.

### **3.5.2 Differentiation**

It is a strategy aimed at producing products and services considered unique in industry and directed to consumer who are relatively price insensitive.

This strategy is one in which the firm differentiates its product or service by creating something that is perceived to be unique industry wide. Differentiation may come in forms of design or brand image, technology, customer service dealer network etc. A successful implementation of this strategy require engineering creative flair, strong capability in basic research, corporate reputation for quality or technological leadership strong cooperation from channels.

### **3.5.3 Focus**

Means of producing products and services that fulfill the need of small groups of consumer.

This strategy is based on focusing on a particular group segment of the product line or geographical market. The entire strategy is built around serving a particular target very well and each functional policy developed with this in mind. The underlying assumption is that the firm is able to better serve its narrow strategic target is effectively or efficiently than competitors competing more broadly. Focus may take two forms, cost and differentiation focus. Cost focus is a lower cost competitive strategy that focuses on a particular buyer group or market using cost advantage while differentiation focus concentrates on a particular group product line segment or geographical market.

## **SELF ASSESSMENT EXERCISES 1**

Mention types of strategy known to you. Discuss any two.

### **3.6 Characteristics of Strategy**

Peace and Robinson (1984) identified the following characteristics of strategy.

- It has a long term horizon
- It must requires concentration of efforts
- It must be supportive of one another, in that they must follow a consistent pattern
- It has a significant impact
- It must be based on goals that are simple, consistent and long- term
- It must be based on a particular understanding of the competitive Environment
- It must be based on an objective appraisal of resources  
It must be effectively implemented



### **3.7 Important / Relevance of Corporate Strategy**

Corporate strategy is important because it deals with the major, fundamental issue that affects the future of organizations.

When organizations make errors in corporate strategy it will suffer the consequences, possibly risking its own survival. But when the organisation develops its strategy well it reaps the benefits.

Corporate strategy involves the entire organisation; it involves all areas of functions of the business. It borrows best practice from each part and combines these, thereby creating more than just the sum.

- Corporate strategy is also concerned with the survival of the business as a minimum objective and the correction of value added as a maximum objectives;
- It covers the range and depth of the organizations activities e.g. devastating
- Corporate strategy directs the changing and relationship of the organization with its environment
- Corporate strategy is centered to the development of distinctiveness i.e. it is not enough to strategize but to be good and every vital to be better than competitors.
- Corporate strategy is crucial to adding value rather than sales, profitability, market share, earning per share or other indicators.
- Corporate strategy deals with the major fundamental issues that affect the future of an organisation.
- It is also concerned with the survival of the business.
- It covers all the areas of activities of an organisation
- It is centered to the development distinctiveness: i.e. something different from the others.
- Strategy is crucial to adding value.

### **SELF ASSESSMENT EXERCISES2**

- i. Explain Corporate Strategy.
- ii. How does it influence business growth?

### **4.0 CONCLUSION**

Corporate strategy can therefore be seen as the linking process between the management of the organization's internal resources and its external relationships with its customers, supplier, competitors and the economic and social environment in which it exists. The organisation develops these relationships from its abilities and resources. Hence, the organisation uses its history, skills, resources, knowledge and various concepts to explore its future actions.

### **5.0 SUMMARY**

Corporate strategy is therefore the art or science of formulating, implementing and evaluating cross functional decision that enables an organisation to achieve stated objective.

Three levels of strategies were identified. They are:

- Corporate level strategy
- Business level strategy
- Operational level strategy

Types of Strategies as grouped by David (1991) are:

- Integration Strategies
- Intensive Strategies
- Diversification Strategies
- Other Strategies

Porter Generic /Competitive Strategies' primary objectives are to provide basic direction for strategic actions. Generic strategies allows organisation to gain competitive advantage for three different bases

- Cost Leadership
- Differentiation
- Focus

Strategy characteristics and its relevance are also treated.

## **6.0 TUTOR MARKED ASSIGNMENT**

- i. What strategy do you implore in selling a new product?
- ii. Highlight the relevance of corporate strategy to a business man.

### **Answer To Self Assessment Exercises 1**

The following are the types of strategies

- Integration Strategies
- Intensive Strategies
  - Diversification Strategies
  - Other Strategies

### **Answer To Self Assessment Exercises 2**

Strategies are the approaches by which long term objective are to be achieved. It is the pattern of significant decision made to fulfill organisation purpose.

Mintzberg (1996) defines strategy as the mediating force between an organisation and its environment; that is, between internal and external context.

Thompson and Strickland (1997) defined strategy as the management action plan for achieving the organised chosen objective i.e. blue print that specifies how the organisation will be operated and what approaches and action will be taken in pursuing the organisation objective.

Corporate strategy is therefore the act the science of formulating, implementing and evaluating cross functional decision that enables an organisation to achieve stated objective.

### **Corporate Strategies influence on Business Growth**

- Corporate strategy involves the entire organisation; it involves all areas of functions of the business. It borrows best practice from each part and combines these, thereby creating more than just the sum.
- Corporate strategy is also concern with the survival of the business as a minimum objective and the correction of value added as a maximum objectives;
- It covers the range and depth of the organizations activities e.g. devastating
- Corporate strategy directs the changing and relationship of the organisation with its environment
- Corporate strategy is centered to the development of distinctiveness i.e. it is not enough to strategize but to the good and every vital to be better then competitors.
- Corporate strategy is crucial to adding value rather than sales, profitability, market share, earning per share or other indicators.
- Corporate strategy deals with the major fundamental issues that affect the future of an organisation.
- It is also concerned with the survival of the business.
- It cover all the areas of activities of an organisation
- It is centered to the development distinctiveness: i.e making thing different from the others.
- Strategy is crucial to adding value.

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## **UNIT 3      THE CONCEPT OF STRATEGY**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition of Strategy
    - 3.1.1 Strategy as Plan
    - 3.1.2 Strategy as Ploy
    - 3.1.3 Strategy as Position
    - 3.1.4 Strategy as Pattern
    - 3.1.5 Strategy as Perspective
  - 3.2 Origin of Business Strategy
  - 3.3 Components of Strategy
  - 3.4 Functions of Strategy
  - 3.5 Stages of Strategy
    - 3.5.1 Strategy Formulation
    - 3.5.2 Strategy Implementation
    - 3.5.3 Strategy Evaluation and Control
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References/Further Readings

### **1.0 INTRODUCTION**

Strategy is all about winning. It is the unifying theme that gives coherence and direction to the individual decisions of an organisation. This unit therefore investigates the role of strategy in business/organizational success.

### **2.0 OBJECTIVES**

At the end of this unit, students should be able to:

- Define strategy
- Explain the origin of business strategy
- Enumerate the components and functions of strategy
- Describe the stages of strategy

### **3.0 MAIN CONTENT**

#### **3.1 Definition of Strategy**

A strategy is action taken by an organisation to attain superior performance. Strategic management is the process by which managers choose a set of strategies for their organizations. Some organisations go through this kind of process every year; although this should not be taken to imply that the organisation chooses a new strategy ea year. In many organizations, the results of annual strategic management process are used as input into the budget process for the coming year. Thus, strategic plan shapes resources allocation within the organisation.

According to Andrews (1980) strategy is the pattern of decisions in an organisation that determines and reveals its objectives, purpose and goals, produces the principal policies and plans for achieving those goals and defines the range of products and services the organisation is to pursue, the kind of organisation it is or intends to be and the nature of the contribution it intends to make to its constituencies.

For Bats and Eldredge, (1984) strategy may be defined as the guiding philosophy of the organisation in the commitment of its resources to attain or fulfill its goals.

Vancil (1977) defined the strategy of an organisation as a conceptualization, expressed or implied by the organization's management of the long - term objectives or purposes of the organisation, the broad constraints and policies self imposed by management and the current set of plans and near term goals that have been adopted in the expectation of contributing to the achievement of the organization's objectives.

Minrzberg (1987) opened up a five - way definition of strategy as plan, ploy, pattern, position and perspective.

##### **3.1.1 Strategy as Plan**

Views strategy as some sort of consciously intended course of action, a guideline (or some sort of guidelines) to deal with a situation. This definition stresses two essential characteristics of strategy; they are made in advance of the actions to which they apply and they are developed consciously and purposefully.

##### **3.1.2 Strategy as Ploy**

Views strategy as specific plan employed for just a specific maneuver intended to outwit an opponent or competitor. This definition enables practioners to focus attention on the most dynamic and competitive aspects of strategy.

##### **3.1.3 Strategy as Position**

Views strategy specifically as a means of locating an organisation in an environment. By this definition strategy becomes the mediating force or match between organizations and external and

internal environments.

### **3.1.4 Strategy as Pattern**

This definition views strategy as a pattern in stream of actions, since strategies can both be

intended, as well as realized actions, the definition of strategy as pattern encompasses the resulting behaviour. This strategy is seen as consistency in behaviour whether or not intended.

### **3.1.5 Strategy as Perspective**

Views strategy as organizational ingrained way of perceiving the world. It is a perspective shared by the members of an organisation through their intentions and or by their actions. Thus, strategies have been referred to as the character of an organisation distinct and integrated commitments to ways of acting and responding that are built right into it.

## **3.2 Origin of Business Strategy**

Business strategy is a comparatively young field of study -- even within the management sciences. There are different definitions of strategy, both within its generic and business contexts. Although, business strategy is fairly new, many of its concepts and theories have their antecedents in military strategy, which extends back to principles enunciated by Julius Caesar and Alexander the Great and further still on Sun Tzu's classic treatise written at about 360 B.C. The word "strategy" comes from the Greek word strategos, which is formed from stratos, meaning army, and -ag, meaning to lead.

The applicability of the principles of military strategy to business is a subject of continuing controversy. What is agreed, however, is that military strategy can yield important insights into business management, the most basic being the military distinction between strategy and tactics. Strategy is the overall plan for employing resources to establish a favourable position. A tactic is a scheme for specific action. While tactics are concerned with the maneuvers necessary to win battles, strategy is concerned with winning the war. Strategic decisions, whether in the military or the business sphere have common characteristics:

- They are important,
- They involved a significant commitment of resources,
- They are not easily reversible.

Armies and business enterprises have similar needs for strategy. Both possess objectives; for the army, these are established by the government, for the enterprise they are established by its board of directors. For both, the competitive situation arises from the incompatibility between the objectives of different organizations. For instance, in 1990-1 Iraq wanted control of Kuwait and the United Nation wanted the restoration of Kuwait sovereignty; Coca-Cola and Pepsi Cola each aim for leadership in the world soft drink market. Both armies and companies possess resources that include people, capital equipment and technical skills. Both face external environments determined partly by exogenous factors (the terrain in military conflict, the market in business competition) and partly by the strategies pursued by the rivals.

At the more detailed level, specific principles of military strategy have been applied to business situations. Such principles include the relative strengths of offensive and defensive strategies, the merits of outflanking as opposed to frontal assault, the roles of flexible and graduated responses to aggressive initiatives, and the potential for deception, envelopment, escalation, and attrition. Arithmetical theories of numerical superiority, such as Lanchester's theories of battle outcomes as functions of troops, firepower and rates of reinforcement have been applied (by Japanese companies in particular) to predict critical levels of market share.

At the same time, there are some clear differences in the nature of competition between warfare and business rivalry. The objective of war is (usually) to defeat the enemy. The purpose of business rivalry is seldom so aggressive: most business enterprises limit their competitors. Hence, a closer analogy may be between diplomacy and business strategy.

Diplomacy is concerned primarily with the management of peaceful relations: only when diplomacy breaks down do nations normally resort to war. Similarly, business relations typically comprise a duality between cooperation and competition. Competition at times may be intense, but seldom between established rival does it become destructive.

## **SELF ASSESSMENT EXERCISES 1**

Highlight the functions of strategy.

### **3.3 Components of Strategy**

According to Hofer and Schedule, strategy should be building around four components;

- **Scope:** This defines the product / market matches and territories in which the organisation will compete.
- **Resources Deployments and Distinctive Competencies:** This stipulates how the organisation will distribute its resources across various areas.
- **Competitive Advantage:** This specifies what organisation does especially well.
- **Synergy:** This specifies the benefits expected to result from decisions about scope, resource deployment and distinctive competence.

### **3.4 Function of Strategy**

According to Minrberg, strategy performs the following functions:

- **Setting of Direction:** Organizations need strategies to set direction for themselves and to outsmart competitors or at least enable them to maneuver through threatening environments. Good strategies enable organisation to weather through the storms of the environment and come top.
- **Focusing Effort:** Strategies provide focus for organizational effort as well as promote the

co-ordination of organizational activities. Also strategy provides the basis for collective identity which is the hallmark of organisation.

- **Defining the Organisation:** Strategy defines the organisation as it gives the organisation meaning for its employees and outsiders. It provides a convenient way for people to understand an organisation and differentiates it from others.
- **Providing Consistency:** Strategies reduce uncertainty and provide consistencies which aid cognition satisfy intrinsic needs for order and promote stability.

### 3.5 Stages of Strategies

There are three main stages of strategy as Aluko et al at 1998 namely, strategy formulation, strategy implementation and evaluation.

#### 3.5.1 Strategy Formulation

This is the process of establishing a business mission, conducting research to determine critical internal and external factors, establishing long-term objectives, and choosing among alternative strategies. Sometimes it is referred to as 'strategic planning'. It consists of three activities.

- Conducting research,
- Integrating information with analysis,
- Making decision.

Conducting research involves gathering and assimilating information about a given firm's industry and market. The process is called environment scanning.

There are two environmental scanning- internal scanning and external auditing.

- Internal scanning aims at discovering strengths and weaknesses in the functional areas of business. This can be done by;
  - Computing ratios
  - Measuring performance
  - Comparing the past periods
  - Industry averages
- Carrying out survey on employee morale etc.

External auditing: This deals with developing a finite list of environmental opportunities that could benefit a firm, and environmental threats that should be avoided. Also firms should respond offensively or defensively to the factors by formulating strategies that take advantages of external opportunities or minimize the impact of potential threats.

The principal sub-activities of strategy formulation help a firm take advantage of perceived market needs or cope with attendant risks. The strategic alternative which results, from material opportunity and corporate capability at an acceptable level of risk are what may be called an 'economy strategy'.



The process described therefore assumes that organizational strategies are analytically objective in estimating the relative capacity of their company and the opportunity they see or anticipation in developing markets.

### **3.5.2 Strategy Implementation**

It involves the activities and decisions that are made to install new strategies or support existing strategies. Some refers to it as operational management.

Strategy implementation is often called the 'action stage' of strategic management. It comprises of sub - activities which are primarily administrative. If organizational purpose is determined, then the resources of the company can be mobilized to accomplish it. There must be translation of strategic thought into strategic action. It involves these activities which include:

- i. Establish annual (short-term) objectives
- ii. Devising policies
- iii. Allocating resources

This stage requires personal commitments discipline sacrifice. Successful strategy implementation hinges upon manager's ability to motivate employees. It concludes developing strategy- supportive budgets, programs and cultures, linking reward system and motivation to both long-term and short- term objectives.

### **3.5.3 Strategy Evaluation and Control**

Strategic evaluation and control involve the activities and decisions that keep the process on track. This include following up on goal accomplishment and giving feedback to the decision makers on the result achieve so far. Strategic management process results in decisions that can have significant long lasting consequences.

Erroneous decisions can inflict severe penalties and can be exceedingly difficult, and may be impossible to reverse. Therefore, timely evaluation and alert management to problems and potential problems strategy evaluation is important because organizations face dynamic business environments in which major internal and external factors often change quickly and dramatically strategy evaluation includes three activities namely:

- i. Reviewing bases of strategy
- ii. Measuring organizational performance
- iii. Taking corrective actions

The products of a business strategy evaluation are answers to these questions:

- i. Are the objectives of the business appropriate?
- ii. Are the major policies and plans appropriate?

- iii. Do the results obtained to date confirm or refute critical assumptions on which the strategy rates.

## **SELF ASSESSMENT EXERCISES 2**

**Discuss the three major stages of strategy.**

## **4.0 CONCLUSION**

Strategy is all about winning. If strategy is purely a matter of intuition and experience, then there is little or no point in studying this unit. The only way to learn is to go and do it. The key premise that underlies this unit is that, there are concepts, frameworks and techniques that are immensely useful in formulating and implementing effective strategies.

Finally, this unit explains / explores the contribution that strategy can make to successful performance, both for business / organizations and individuals.

## **5.0 SUMMARY**

You have learnt various definitions of strategy which are given by Andrews (1980), Bats and Eldredge (1984), Vancil (1977) and Minrzbergs (1987).

The unit also gave the origin of business strategy, components and functions of strategy and finally, stages of strategy.

A strategy is action taken by an organisation to attain superior performance. Strategic management is the process by which managers choose a set of strategies for the enterprise.

Minrzberg (1987) opened up a five - way definition of strategy as plan, ploy, pattern, position and perspective.

According to Hofer and Schedule, strategy should be building around four components which are scope, Resources Deployments and Distinctive Competencies, Competitive Advantage and Synergy.

Strategy performs functions such as: setting of direction, focusing effort, defining the organisations and providing consistency.

There are three main stages of strategy as Aluko et al at 1998 namely, strategy formulation, strategy implementation and evaluation.

## **6.0 TUTOR MARKED ASSIGNMENT**

1. Explain the following terms:
  - (i) Strategy as Plan
  - (ii) Strategy as Ploy
  - (iii) Strategy as Position

- (iv) Strategy as Pattern
- (v) Strategy as Perspective

2. Give a detailed comprehensive origin of business strategy.

### **Answers to Self Assessment Exercise 1**

The following are the functions of strategy.

- Setting of direction
- Focusing effort
- Defining the organization
- Providing consistency

### **Answers to Self Assessment Exercise 2**

Three major stages of strategy are:

- Strategy formulation
- Strategy implementation
- Strategy evaluation and control

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## **UNIT 4      CORPORATE PLANNING CONTENTS**

### **CONTENTS**

- 1.0    Introduction
- 2.0    Objectives
- 3.0    Main Content
  - 3.1    Corporate Planning
  - 3.2    Why do Managers Plan
  - 3.3    Nature of Planning
  - 3.4    Steps in Planning
  - 3.5    Benefit of Corporate Planning
  - 3.6    Limitation of Corporate Planning
  - 3.7    Why Corporate Planning Fails
  - 3.8    Guideline for Planning Effectiveness
  - 3.9    Features of Corporate Planning
- 4.0    Conclusion
- 5.0    Summary
- 6.0    Tutor - Marked Assignment
- 7.0    References/Further Readings

### **1.0    INTRODUCTION**

In the preceding unit, you have been introduced to corporate strategy. This unit exposes you to corporate planning, its features, steps in planning, its benefits and why corporate planning fails. Enjoy your study.

### **2.0    OBJECTIVES**

At the end of this unit, you should be able to:

- Explain corporate planning
- Mention the steps in planning and the features of corporate planning
- Enumerate the benefits of planning
- Explain why corporate planning fails

### **3.0    MAIN CONTENT**

#### **3.1    Corporate Planning**

Planning is the process of setting goals and objectives in an organisation and then determining how to achieve such goals and objectives.

Adeleke (2001) Planning bridges the gap between where we are and where we want to go unless we plan we would in consequence leave things to chance.

**Corporate Planning:** Is concerned with the organizations as a whole operation and enterprise. Corporate planning is the cost of decisions and activities or resolution involved in the formulation and implementation of strategies which are designed to achieve the objectives of the organisation.

Iyanda and Bello (1988) pointed out that planning move an organisation from a current state into a desired future state.

The rationale of planning is basically that of trying to equip a manager with the resources that would be needed for realizing measurable results in the future. Corporate planning is a systematic objectives and comprehensive process of long range planning, taking into consideration the organisation resources, capabilities and environment in totality.

### **3.2 Why do Managers Plan**

Planning is carried out by managers for several reasons as follows:

- (i) To focus on objectives.
- (ii) To forestall uncertainty and unexpected changes.
- (iii) To minimize cost of operation and to facilitate control
- (iv) To take practice rather than reactive measures and decision.
- (v) To prepare for unforeseen circumstances

### **3.3 Nature of Planning**

Planning involves deciding in advance of

- (i) What to do
- (ii) How to do it
- (iii) When to do it
- (iv) Where to do it
- (v) Who should do it?
- (vi) What are needed to do it?

### **SELF ASSESSMENT EXERCISES 1**

- i. Itemize the benefits of corporate planning

### **3.4 Steps in Planning**

For effective planning in an organisation certain process should be followed:

- **Scan the environment:**

i.e. one should be aware of the opportunities and threat in the environment.

- **Set objectives and goals:**

The objectives and goals should answer question about the mission and purpose of the organisation such as where are we, where are we going, where we want to be and when.

- **Identify the resources required to attain the objectives:**

These resources should include the money, men, materials and machine.

- Identify alternative courses of action to reach the goals, determine the cost of various alternatives.
- Select a course of action that appears best among the alternatives.
- Formulate the supporting plans
- Implement the plans
- Monitor the plan implementation and develop feedback mechanism.

### **3.5 BENEFIT OF CORPORATE PLANNING**

The benefits are as follows:

- It creates clarity of purpose and better awareness of goals and problems.
- It enables management to take calculated business risk and think ahead.
- It brings an improvement in the motivation morale and job-satisfaction of employees.
- It improves communication between division / department of the organisation.
- It brings an improvement in the quality of managerial decision.
- It also brings an improvement in the ability of a firm to cope with change and uncertainty particularly in a dynamic and turbulent environment.

### **3.6 Limitation of Corporate Planning**

The limitations of corporate planning include the following:

- It is not useful in a dying company
- Planning is a time consuming and expensive process.
- It is not a guarantee that the company will not be affected by adverse circumstances in other word; it is not a substitute for good management.
- It is subject to error and cannot be fully accurate.
- Planning itself cannot produce result, timely and appropriate actions are required for success.

- A comprehensive planning programme cannot be expected to be an overnight success.

### **3.7 Why Corporate Planning Fails**

Corporate planning fails because of the following reasons:

- Lack of support from top management
- Bureaucratic organizational objectives
- Poor and ineffective information system
- Failure to devote sufficient resources
- Faulty implementation of plans
- Failure to devote sufficient resources
- Over emphasis on short term results, to the neglect of long term goals.
- Failure to allow planning organisation to grow to maturity

### **3.8 Guideline for Planning Effectiveness**

- Leadership i.e. top management support:  
The corporate planning must be initiated and encourage by top management, it must also have their commitment.
- Developing a planning culture: The organisation must develop in the employees a planning culture.
- Employee participation:  
Effective corporate planning requires an environment which emphasizes openness, interdependence and visibility. There should be a climate of mutual trust and cooperation.
- Effectiveness organizational structure:  
Corporate planning involves at all times some level of interrelationship among various levels of employees in order to plan effectively management must define relationship within and outside the organisation.
- Forecasting and information system:  
These should be opportunity for the assessment of the future and for collection and dissemination of information.



**Strategy planning:** is a formal process in which the assumption, reasons and the plans themselves are all written with figures to serve for future references.

**Strategic planning:** is very comprehensive and encompasses both long and short terms.

Strategic planning is a systematic and logical process.

Strategic planning is concerned with decision having long term and enduring effects.

Tactical planning , which is an informal planning process often exist in the planner's mind. They are not put on record.

Tactical planning is medium term and tends to be fragmented e.g. budget

Tactical planning involves the selection of the means of attaining specified objectives.

Operational planning system is limited to a short term duration e.g. 3-6 month's e.g. meeting a sales target.

Operational planning is also formulated within and in pursuance of strategies.

### **3.9 Features of Corporate Planning**

- (1) It is formal and systematic in approach
  - (i) It entails a sequence of steps.
  - (ii) It is a continuous and on — going process
  - (iii) It involves planning for the whole organisation rather than some component part.
  - (iv) It relates to the future
  - (v) It relates the Organisation with its environment
  - (vi) It is very comprehensive in nature involving both strategic planning, tactical or operational planning.



- (vii) It involves planning for the whole organisation rather than some component parts.

## **SELF ASSESSMENT EXERCISES 2**

- i. Define corporate planning
- ii. List the guideline for effective planning.

## **4.0 CONCLUSION**

You can understand from foregoing discussion study that corporate planning is concerned with the organizations as a whole operation and enterprise. There are steps one must take when planning. This in turn results to good outcome which translate into corporate planning benefits. Corporate planning featured are also mentioned.

## **5.0 SUMMARY**

Planning is the process of bridging the gap between where we are and where we want to go. Unless we plan we would in consequence leave things to chance.

The unit has discussed corporate planning, its nature, benefits, steps, features, limitations, guidelines and why corporate planning fails.

## **6.0 TUTOR MARKED ASSIGNMENT**

- i. Enumerate the reasons why managers plan
- ii. Highlight the steps needed for effective planning in an organisation.

Answers to Self Assessment Exercises 1

### **Benefit of Corporate Planning**

The benefits are as follows:

- It creates clarity of purpose and better awareness of goals and problems.
- It enables management to take calculated business risk and think ahead.
- It brings an improvement in the motivation morale and job-satisfaction of employees.
- It improves communication between division! department of the organisation.
  - It brings an improvement in the quality of managerial decision.
  - It also brings an improvement in the ability of a firm to cope with change and uncertainty particularly in a dynamic and turbulent environment.

### **Answers to Self Assessment Exercises 2**

**Corporate Planning:** Is concerned with the organizations as a whole operation and enterprise. Corporate planning is the cost of decisions and activities or resolution involved in the

formulation and implementation of strategies which are designed to achieve the objectives of the organisation.

Iyanda and Bello (1988) pointed out that planning move an organisation from a current state into a desired future state.

The rationale of planning is basically that of trying to equip a manager with the resources that would be needed for realizing measurable results in the future. Corporate planning is a systematic objectives and comprehensive process of long range planning, taking into consideration the organisation resources. Capabilities and environment in totality.

**Guidelines for Planning Effectiveness are:**

- Leadership i.e. top management support.
- Developing a planning culture.
- Employee participation.
- Effectiveness organizational structure.

Forecasting and information system.

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## **Module 2**

### **UNIT 1 ORGANIZATIONAL STRUCTURES: CONCEPTS AND FORMATS**

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#### **3.0 Main Content**

##### **1.0 INTRODUCTION**

If you have not read through the Course Guide, this is the time to do so; then you will have a general understanding of what this unit is all about. Thus unit lays the essentials groundwork of organizational structure and outlines the processes of departmentalization and delegation of duty.

The concepts that you will be studying in this course require that you understands the meaning of certain terms. Some of the questions that will be discussed in this unit are: What are the primary forms of departmentalization? Describe a matrix form of departmentalization; why is delegation the art of managing? And describe how the process of delegation works.

##### **2.0 OBJECTIVES**

Upon completion of this unit, you should be able to:

- Discuss the primary form of departmentalization
- What is meant by the parity of authority and responsibility?
- Describe how the process of delegation works.

### 3.0 MAIN CONTENT

#### 3.1 Definition of structure

The description of structure implicitly offers an account of what a system is made of; it may be a configuration of items, a collection of inter-related components or services. A structure may be a hierarchy (a cascade of one-to-many relationships), a network featuring many-to-many links, or a lattice featuring connections between components that are related in space.

#### 3.2 ORGANIZATIONAL STRUCTURES: CONCEPTS AND FORMATS

An organization is when two or more people work together to achieve a group result. After the objectives of an organization are established, the functions that must be performed are determined. Personnel requirements are assessed and the physical resources needed to accomplish the objectives determined. These elements must then be coordinated into a structural design that will help achieve the objectives. Finally, appropriate responsibilities are assigned. Determining the functions to be performed involves consideration of division of labor; this is usually accomplished by a process of departmentalization.

#### 3.3 The process of Departmentalization

Grouping related functions into manageable units to achieve the objectives of the enterprise in the most efficient and effective manner is departmentalization. A variety of means can be utilized for this purpose. The primary forms of departmentalization are by function, process, product, market, customer, geographic area, and even matrix (also called project organization). In many organizations, a combination of these forms is used.

#### Forms of departmentalization by description

##### 1) FUNCTION: Key Terms

**a) Departmentalization** the grouping of related functions into manageable units to achieve the objectives of the enterprise in the most efficient and effective manner.

**b) Delegation** the process that makes management possible because management is the process of getting results accomplished through others. Delegation is the work a manager performs to entrust others with responsibility and authority and to create accountability for results. It is an activity of the organizing function.

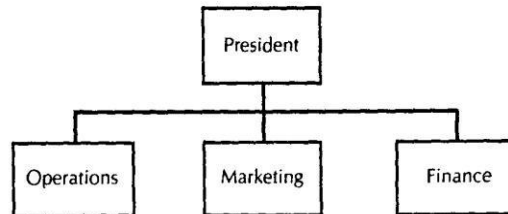
**c) Scalar principle** (chain of command) a clear definition of authority in the organization. This authority flows down the chain of command from the top level to the first or lowest level in the organization.

**d) Centralization** occurs in an organization when a limited amount of authority is delegated.

**e) Decentralization** occurs when a significant amount of authority is delegated to lower levels in the organization.

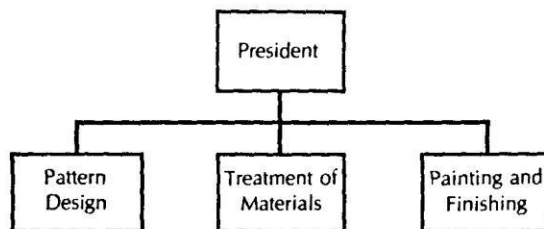
**f) Contingency approach** an approach to organizational structure that states that the most appropriate organizational structure depends on the situation, consisting of the particular technology, the environment, and many other dynamic forces.

Perhaps the oldest and most common method of grouping related functions is by specialized function, such as marketing, finance, and production (or operations). Sometimes this form of departmentalization may create problems if individuals with specialized functions become more concerned with their own specialized area than with the overall business. An example of departmentalization by function appears in diagram below.



## 2) PROCESS

Departmentalization can also take place by process. This type of departmentalization often exists in manufacturing companies. As illustrated in the diagram below.

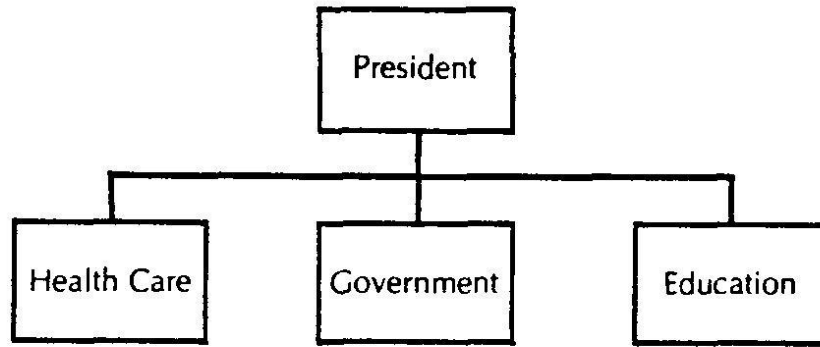


## 3) PRODUCT

Whenever specialized knowledge of certain products or services is needed, departmentalization by product may be best. This usually occurs in large diversified companies.

## 4) MARKET

When a need exists to provide better service to different types of markets, departmentalization by market may be the appropriate form. An example of a business serving nonprofit markets, which uses the market form of departmentalization, is shown in diagram below.



### **5) CUSTOMER**

Sometimes key or major customers warrant departmentalization by customer. This is often the case in banks.

### **6) GEOGRAPHICAL AREA**

When organizations are spread throughout the world or have territories in many parts of a country, departmentalization by geographical area may provide better service to customers and be more cost effective. A typical example for this form of departmentalization is shown in diagram below.

### **7) MATRIX (PROJECT ORGANIZATION)**

Departmentalization by matrix, or project, has received considerable use in recent years, particularly in such industries as aerospace. In this method, personnel with different backgrounds and experiences that bear on the project are assembled and given the specific project to be accomplished within a certain time period. When the project is completed, these specialized personnel return to their regular work assignments.

### **8) COMBINATION APPROACH**

Many organizations, particularly large, physically dispersed and diversified organizations, utilize several different forms of departmentalization. It is an organizational chart showing the use of several forms of departmentalization.

## **3.4 The process of Delegation --The Art of Managing**

The process of managing begins with the establishment of objectives. Once the objectives have been established, the functions that must be accomplished are considered. Then the work to be performed or the responsibilities to be assigned are determined. This means it is necessary to know the personnel and physical resources needed to accomplish the objectives of the enterprise.

Thus, when the functions, personnel, and other resources are grouped together by some means of departmentalization into a logical framework or organizational structure, the process of delegation begins.

Delegation is the process that makes management possible. Why? Because management is the process of getting results accomplished through others.

### **3.5 RISKS IN DELEGATION**

The sheer volume of management responsibilities necessitates delegation. There is somewhat of a paradox in this situation, however, because delegation involves taking risks. Among the risks of delegation are loss of control, reverse delegation, and even loss of a job.

**3.5.1) LOSS OF CONTROL:** In giving over authority to another, the manager loses some control over the proper completion of a project. The manager who has lived by the adage "If you want it done right, do it yourself" may find it difficult to delegate tasks for which he or she will ultimately be held accountable.

The key to successful delegation is assigning the right responsibilities to the right person. Of course, one never knows who the right persons are until one meets and works with them, but it must realistically be assumed that a given organization, department, or section employs at least some competent, willing, and responsible individuals. This assumption does not address itself to the fact that it is nearly impossible today for the manager to be technically superior to all employees. A staff that is not utilized effectively because of a manager's failure to delegate is a major loss to an organization, a waste of human resources.

**3.5.2) REVERSE DELEGATION:** An important consideration for the manager who tries to do everybody's job is that he or she does so at the expense of the job for which he was hired--

managing. An interesting analogy that underscores the value of delegation for management's sake is the "monkey-on-the-back" analogy, which claims that managers spend far more time with their employees than they even faintly realize. This habit occurs especially when a problem is brought to the manager's attention. In encounters with employees, the manager's use of simple phrases, such as "send me a memo on that," or "let me think about that and I'll let you know," or "just let me know what I can do," causes the problem to jump onto the manager's back.

The manager assumes the responsibility for handling the task that was delegated to the employee in the first place, and when the employee reaches an impasse, the manager takes the next step. This is reverse delegation, and many employees are adept at it. Naturally, there will be situations in which the next step is justified, but unless the manager wants endless lines at the office door, he or she should avoid the casual and repeated use of those phrases that permit employee problems to ride on the manager's back. In fact, this principle of delegation is that accountability to a superior cannot be delegated.

A solution to this problem is to encourage initiative in employees. An employee should not have to wait until he is told to do something; nor should they have to ask. They should practice the completion of assigned tasks.

By keeping the responsibility where it belongs, the manager will increase discretionary time to manage and can still handle system-imposed tasks. To develop initiative in employees early is one of the ways to develop a new generation of capable managers.

**3.5.3) LOSS OF JOB:** The foregoing discussion brings to mind another risk in delegation from management's viewpoint. Is it possible to delegate one's self right out of a job? Suppose a subordinate develops so much initiative that he or she becomes superior to the boss. This is a threatening problem for the manager. The employee would be very happy if his or her development resulted in promotion, but what if the promotion costs the manager his job? Consensus among theorists suggests that the employee should be given the opportunity to perform to as high a level of responsibility as possible if this improves the group's performance. The manager should then endeavor to reward that person accordingly, even if it means helping that person to land a better job outside the organization. To neglect and waste the talents of any individual is as criminal as the misuse of company funds or equipment.

In practice, we have all heard stories from individuals who feel more competent than their managers. Thus it would seem that the best safeguard a manager has in preserving his or her position is to be a good manager and to prepare for his or her own advancement.

#### **4.0 Conclusion**

This unit treats concepts and format of organizational structure. It discusses departmentalization and the primary forms of departmentalization which includes by function, process, product, market, customer, geographic area, and even matrix (also called project organization). The unit also discusses the process of delegation and the risks involved in delegation of power.

#### **5.0 Summary**

We have gone through the concepts and formats of organizational structure and this has enabled us to understand them. Also, we are now able to identify them in our various places of work. In our next unit, we shall be discussing the definition of responsibilities and authority, and do's and don'ts of delegation of power.

#### **6.0 Tutor Marked Assignment**

- 1). Identify the risks involved in the delegation of power.
- 2). Explain the process of departmentalization in an organization



## **7.0 References/Further Readings**

Montana, P. & Charnov, B. (1993). Management: A Streamlined Course for Students and Business People. Hauppauge, New York: *Barron's Business Review Series*. pp. 155-169.

## **UNIT 2**

## **Techniques of Delegation in an organization**

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- 3.0 Main Content
  - 3.1 Techniques of Delegation
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    - 3.1.3 Awareness of Limitations
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### **1.0 INTRODUCTION**

In the last unit (2), we discussed departmentalization and the process of delegation. In this unit we shall discuss techniques of delegation. As we shall see shortly, the different techniques of delegation and the do's and don'ts of delegation of power.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- Understand techniques of delegation
- Parity of authority and responsibility
- Scalar Principle
- The do's and don'ts of delegation and
- Major types of organizational structure

### **3.0 Main Content**

#### **3.1 Techniques of Delegation**

The art of delegation often depends on a given situation. Plans change and people differ, but this does not imply that the employee should have to be notified on a daily basis of what is needed. Nor does it imply that there are not some generally accepted techniques that can facilitate the process of delegation, as discussed below. More suggestions are detailed in the list of do's and don'ts.

##### **3.1.1 Definition of Responsibilities and Authority**

A clear definition of responsibilities and the authority to accomplish them constitute the foundation of the art of delegation. Whenever possible, these responsibilities should be stated in writing. The employee should also have a good idea of how the job fits into the total picture and why it is important. The manager should also encourage questions and be completely approachable. This practice, in combination with exhibiting confidence and trust by allowing subordinates to pursue goals without undue reporting, constant checking, and other exaggerated forms of control, will create a supportive climate and help to build an effective working relationship.

##### **3.1.2 Performance Rating**

Once the employee understands the job, that person should be made aware of how performance will be measured. This step in the management process has already been mentioned. By and large, and within reason, managers receive the type and level of job performance they expect or informally accept over a period of time. In fact, low expectations tend to breed low performance and the opposite is true of high expectations. The failure to confront lower than desired levels of performance is tantamount to acknowledging them as acceptable; high expectations mean setting challenging but achievable goals. The focus should be on results that are motivating and attainable. The manager should establish a system for setting objectives and set up a procedure for periodically reporting progress toward these objectives. Consideration of less-experienced employees demands more frequent consultation and, possibly, reporting. The manager who is committed to delegating authority should avoid switching back and forth in delegation, thereby causing only confusion and stagnation among employees.

##### **3.1.3 Awareness of Limitations**

It may seem self-evident, but delegation cannot be used when the individual does not welcome additional responsibility. Knowing who wants greater responsibility or promotion is as important as knowing who is qualified for a job. It is often difficult for successful executives, who owe their success to a driving desire for greater responsibility and recognition, to understand others who seem to lack that motivation.

In essence, the manager-employee relationship is one of interdependence. A major goal of delegation is to reduce dependence on the manager, but the manager incurs a certain responsibility to the employee in delegation.

The manager is responsible for helping the assistant discover how best to develop his or her abilities in order to meet future responsibilities.

Managers can develop employees through the art of delegation and should practice this art judiciously.

With effective delegation, a manager can multiply his or her effectiveness and, through others, achieve the results expected.

### **3.2 Parity of Authority and Responsibility**

An important principle of organization as well as management is that authority should equal responsibility. This principle is known as the parity of authority and responsibility and ensures that work will be performed with a minimum amount of frustration on the part of personnel. By not delegating authority equal to responsibility, a manager will create employee dissatisfaction and generally this will lead to waste especially in the areas of energies and resources.

### **3.3 Scalar Principle**

This concept is generally referred to as the chain of command. It means that there should be a clear definition of authority in the organization and that this authority flows, one link at a time, through the chain of command from the top to the bottom of the organization. Communication in the organization is through channels. Following this principle generally results in clarification of relationships, less confusion, and improved decision-making.

### **3.4 The Do's and Don'ts of Delegation**

#### **3.4.1 The Do's**

- Delegate as simply and directly as possible. Give precise instructions.
- Illustrate how each delegation applies to organizational goals.
- Mutually develop standards of performance.
- Clarify expected results.
- Anticipate the questions your employees may have, and answer them in order.
- Discuss recurring problems.
- Seek employee ideas about how to do the job.
- Accentuate the positive rather than the negative. Be supportive. Exhibit trust.
- Recognize superior performance.
- Keep your promises.

#### **3.4.2 The Don'ts**

- Do not threaten your staff. Effective delegation depends more on leadership skills than on position power.

- Do not assume a condescending attitude.
- Do not merely give answers. Show an employee how to do something and why it is done that way.
- Do not overreact to problems. Refrain from criticizing an employee in front of others.
- Avoid excessive checks on progress.

### **3.5 Major Types of Organizational Structure**

Although there are a number of variations of organizational structure, we shall discuss line and staff organizations and committee organization here.

#### **3.5.1 Line Organization**

The line organization is the simplest organizational structure. It is the "doing" organization, in that the work of all organizational units is directly involved in producing and marketing the organization's goods and services. There are direct vertical links between the different levels of the scalar chain. Since there is a clear authority structure, this form of organization promotes greater decision-making and is simple in form to understand.

On the other hand, managers may be overburdened when they have too many duties.

#### **3.5.2 LINE AND STAFF ORGANIZATION**

When staff specialists are added to a line organization to "advise; "serve;" or "support" the line in some manner, we have a line and staff organization. These specialists contribute to the effectiveness and efficiency of the organization. Their authority is generally limited to making recommendation to the line organization.

Sometimes this creates conflict. However, such conflict can be reduced by having staff specialists obtain some line experience, which will tend to make them better understand the problems facing the line managers they support. Such functions as human resources management and research and development are typical staff functions.

#### **3.5.3 Committee Organization**

When a group of people is formally appointed to consider or decide certain matters, this type of structure is a committee. Committees can be permanent (standing) or temporary and usually supplement line and staff functions. Sometimes ad hoc or temporary committees are set up to deal with a specific problem. Once this committee makes its recommendations, it is dissolved.

On the other hand, permanent committees usually act in an advisory capacity to certain organizational units or managers. For example, committees are used to a large extent in Universities especially in (NOUN). They may report to a Dean or Departmental Unit. Certain committees, called plural committees, have the authority to give order, not only to recommend.

These committees are usually reserved for a very high level, such as the board of directors. An example is an executive committee of the board for compensation or for succession planning.

Although committees have a number of advantages, they also have a number of disadvantages, particularly being excessively time consuming. Hence they should be managed effectively.

#### **4.0 Conclusion**

In this unit, we discussed the techniques of delegation such as definition of responsibilities and authority, performance rating and awareness of limitations. We went ahead to parity of authority and responsibility; we also made explanation on dos and don'ts of delegation. All these helped us to understand the delegation of authority.

#### **5.0 Summary**

We have just discussed techniques of delegation. We saw that the delegation process works as follows. The manager has certain defined objectives to accomplish at the end of a budget period. He or she assigns the responsibilities (i.e., duties to be performed) to key employees, along with the commensurate authority to go with those responsibilities. The accomplishment of the assigned responsibilities should equal the defined objectives.

#### **6.0 Tutor Marked Assignment**

**List and explain techniques of delegation**

#### **Answers to Self Assessment Exercise**

1. Explain the phrase “authority should equal responsibility”
2. Explain the dos and don'ts of delegation

#### **7.0 References/Further Readings**

Montana, P. & Charnov, B. (1993). Management: A Streamlined Course for Students and Business People. Hauppauge, New York: *Barron's Business Review Series*. pp. 155-169.

**Contents**

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- 3.0 Main Content
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  - 3.2 Basic elements that should be incorporated Mission Statement
  - 3.3 Correlation between performance and well-developed mission
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**1.0 Introduction**

The Mission Statement is a crucial element in the strategic planning of every business organization. Creating a mission is one of the first actions an organization should take if the organization wants to be successful. This can be a building block for an overall strategy and development of more specific functional strategies. By defining a mission an organization is making a statement of organizational purpose. In this unit, you will learn what mission statement is, its importance, the basic elements that should be incorporated mission statement; the seven-step process for formulating a vision and how to implementing the vision

**2.0 Objectives**

By the end of this unit, you should be able to:

- Know what mission statement is all about and its benefits to an organization
- Understand and identify Basic elements that should be incorporated Mission Statement
- Explain the correlation between performance and well-developed mission
- Know the process to follow in developing Mission Statement, above all,
- Implement the mission

**3.0 Main Content****3.1. Definition of Mission Statement**

**Mission Statement Defined:** A corporate mission statement defines what the corporation does, who it serves, and how it serves (creates value for) its clients. It is designed to provide clarity of focus and direction for those in the company and answers the questions of who we serve and

how. It also creates clarity of value for those outside the company and answers the question of whether this company can be of value to me and/or my company. Although, some people get a vision statement confused with a mission statement. Drohan (1999) explained that "a vision statement pushes the association toward some future goal or achievement, while a mission statement guides current, critical, strategic decision making." In The Mission Statement Book by Jeffrey Abrahams, TRINOVA Corporation defines a mission statement in the following way, "A mission statement is an enduring statement of purpose for an organization that identifies the scope of its operations in product and market terms, and reflects its values and priorities," (Abrahams, 1995). Christopher Bart a leading researcher in the art of mission statements says,

"A good mission statement captures an organization as unique and enduring reason for being, and energizes stakeholders to pursue common goals. It also enables a focused allocation of organizational resources because it compels a firm to address some tough questions: What is our business? Why do we exist? What are we trying to accomplish?" (Bart, 1998).

Stone gives another definition extracted from Say and Live it: The 50 Corporate Mission Statements That Hit the Mark. "Corporate mission statements...are the operational, ethical, and financial guiding lights of companies. They are not simply mottoes or slogans; they articulate the goals, dreams, behavior, culture, and strategies of companies," (Stone, 1996). Basically, a mission statement is designed to say exactly what the organization anticipates it will achieve.

### 3.1.1 Importance of Mission Statement

Abrahams (1995) posits that every company no matter how big or small, needs a mission statement as a source of direction, a kind of compass, that lets its employees, its customer, and even its stockholders know what it stands for and where its headed. Thinking Ahead (1998) stated that a mission statement gives everyone the opportunity to know what the organization is about and what it is not about. With this in mind an individual is able to decide if this mission is something that they can commit to.

A well-developed mission statement offers other several potential benefits. These benefits include direction, focus, policy, meaning, challenge, and passion.

- 1). **Direction** states what the organization does and what it wants to be successful in.
- 2). **Focus** concentrates on the company's strengths and competitive advantages and tells people how to obtain them.
- 3). **Policy** is a guideline of what a company finds acceptable and unacceptable and states organizational values.
- 4). **Meaning** shows what a company strives to achieve and why they wish to do so.
- 5). **Challenge** is the setting up of goals and measurements of achievement for employees.
- 6). **Passion** makes everyone involved with the organization to show feelings of enthusiasm, pride, and commitment.

With all of these benefits it is amazing that some organizations do not establish a well-developed mission statement. However, if a good mission statement is developed it will not be effective if



every member of the organization does not know how the mission will be accomplished (Bailey, 1996).

## **SELF ASSESSMENT EXERCISE 1**

Explain the importance of mission statement to an organization

### **3.2 Basic Elements that should be Incorporated Mission Statement**

There are some basic elements that should be incorporated into a mission statement.

- Firstly, the target audience is important. It needs to be established whom the mission statement will be directed to. Some groups that may be considered are employees, stockholders, customers, and the community. The mission statement can be targeted at a combination of these groups or just one of them.
- Next, the length of the mission statement needs to be considered. Some companies' mission statements are only a single sentence and others are very long including visions, philosophies, objectives, plans, and strategies. "All that is necessary is that the mission be long enough to reach the target audience. In addition,
- The tone is also important. In this aspect it is important to use appropriate language that is directed to the target audience and reflects the makeup of the organization. Establishing the correct tone involves a process of intentional, individual word selection. According to Drohan (1999), if the language is too flowery and cumbersome a great mission statement may not be taken seriously. "A mission statement should be written to encourage commitment and to energize all employees toward fulfilling the mission" (Stone, 1996). Endurance should also be considered. "Mission statements should serve to guide and inspire the organization for many years," (Stone, 1996). The mission statement should be able to withstand time and ultimately have a meaning in the long-term standings of the organization. In the same respect the mission statement should also remain current. A mission statement created years ago may no longer be effective (Stone, 1996). When the competitive environment changes the mission should be revised (Stone, 1996). Finally, it should consist of an element of uniqueness (Stone, 1996). An organizations mission statement should be unique to the organization. It should portray the individuality of the company (Stone, 1996).

### **3.3 Correlation between Performance and well-developed Mission**

In considering specific components of a mission statement, Bart (1998) tracked the correlation between twenty-five items and company performance measured by financial measures. This research indicated that not just any mission statement will do. Bart found six items that are consistently linked to organizational performance. These are:

- A statement of purpose or general nonfinancial goals,
- A statement of values,
- A specification of behavioural standards,
- Identification of the organization's competitive strategy,
- A statement of vision, and
- An expression of intent to satisfy the needs and expectations of multiple stakeholder groups (Bart, 1998).

Companies that had mission statements that included these items showed higher performance than companies that did not use these components in their mission statements. This research indicates there is a strong correlation between performance and well-developed mission statements.

### **3.4 Process to follow in developing Mission Statement**

Developing a mission statement can be a very difficult process. When creating a mission statement it should be done as part of the strategic planning process for the organization. This process should be started with an environmental analysis, followed by development and prioritizing goals and objectives. After this process is finished, the mission of the company becomes clearer and an effective mission statement can be created. Then, you need to decide who is going to write the mission statement. A mission-writing committee should be set up to perform this duty. It can be either a group of only management members or a more diversified group of members from different areas in the corporation. It is more effective to use a committee made up of management and non-management personnel.

It should be noted that the organization may lose valuable input by limiting the voices it is willing to hear; also, people may be more willing to carry out a mission that they helped develop."

According to Bailey (1996), in developing mission statement, the committee should also include people from outside the organization. These people may include customers, suppliers, and other interested parties. Several different perspectives are important to be considered in developing a mission statement. By using different perspectives in the development the final product will be directed so each individual can comprehend the mission. After a situation analysis and all the important factors are considered, the selected committee is ready to draft the mission statement. Stone (1996) suggested that when the draft is complete it should be shared with all members of the organization. If agreement is established it is time to communicate the mission statement. In this process the form and structure the mission statement will take is decided. This form may include an annual report presentation, a copy printed on fancy paper and hung on a wall in a frame, a brochure, an engraved granite piece, or any other form. It is also important in the communication process to introduce the mission statement to all the employees and ask for suggestions on implementation. The final step is to operationalize the mission statement. In order to do this, the company needs to make its strategies, tactics, and operations remain consistent

with the mission statement. The mission statement should be translated into performance objectives and used as a basis for strategic planning.

Effective mission statements can be a great asset to an organization. When everyone is working together in a defined manner greater organizational purpose is achieved. A mission statement is a stepping stone in the strategic planning process. It is important that when an organization implements a mission statement they apply it to their functional strategies and consider input from various groups.

#### **4.0 Conclusion**

The ambition to transform an organization into a world class begins with the conception of an organizational vision. In this unit, we have looked at definition of vision statements and its importance, we have also examined the basic elements that should be incorporated Mission Statement and the process to follow in developing Mission Statement. It is therefore, expected that you should use this method to change your organizational world.

#### **5.0 Summary**

What you have learnt in this unit concerns the definition of vision statements and its importance in an organization. We examine the basic elements that should be incorporated Mission Statement with the process to follow in developing Mission Statement.

#### **6.0 Tutor Marked Assignment**

Prepare the due process to follow in developing mission statement of your organization

#### **7.0 References/Further Readings**

Abrahams, J. (1995). *The Mission Statement Book*. Berkeley, California: Ten Speed Press.

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## **UNIT 4**

## **ORGANIZATIONAL VISION STATEMENT**

### **Contents**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Vision statement defined
  - 3.2 Properties of a good Vision
  - 3.3 How do you develop a Vision?
  - 3.4 Seven-step process for formulating a vision
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  - 3.6 Implementing the vision
- 4.0 Conclusion
- 5.0 Summary
- 6.0 References/Further Readings
- 7.0 Tutor Marked Assignment

### **1.0 Introduction**

The important tool used in managing sustaining an organization is vision. Vision is a mental picture of preferred future with passion to work it out. Shanker, a boxer in his hay day will always say ‘you can only hit it if you see it’. Vision is a driving force for an organizational success; it gives the future success to an organization in order for the organization to plan towards success.

### **2.0 Objectives**

By the end of this unit, you should be able to:

- Give definition of organizational vision statement.
- develop an organizational vision
- know properties of a good vision
- explain seven-step process for formulating a vision and
- implementing the vision

### 3.0 Main Content

#### 3.1 Vision Statement Defined

A corporate vision statement sets a dynamic and compelling view of the corporation at some point in the future. It is an emotional driver to some “big idea” or challenge that drives those in the corporation toward it. It is not intended for those outside the company. It is not a goal, as they should be SMART, but rather it can be a wild, crazy, and even unattainable idea, as long as it provides a deeply emotional drive to accomplish something great that those in the organization can get behind and drive toward.

#### 3.2 PROPERTIES OF A GOOD VISION

- A good vision is a mental model of a future state. It involves thinking about the future, and modeling possible future states. A vision doesn't exist in the present, and it may or may not be reached in the future. Nanus describes it like this: "A vision portrays a fictitious world that cannot be observed or verified in advance and that, in fact, may never become reality". However, if it is a good mental model, it shows the way to identify goals and how to plan to achieve them.
- **A good vision is idealistic.** How can a vision be realistic and idealistic at the same time? One way of reconciling these apparently contradictory properties of a vision is that the vision is realistic enough so that people believe it is achievable, but idealistic enough so that it cannot be achieved without stretching. If it is too easily achievable, it will not set a standard of excellence, nor will it motivate people to want to work towards it. On the other hand, if it is too idealistic, it may be perceived as beyond the reach of those in the organization, and discourage motivation.
- **A good vision is appropriate for the organization and for the times.** A vision must be consistent with the organization's values and culture, and its place in its environment. It must also be realistic. For example, in a time of downsizing and consolidation in an industry, a very ambitious, expansionistic vision would not be appropriate. An organization with a history of being conservative, and a culture encouraging conformity rather than risk taking, would not find an innovative vision appropriate. The computer software company mentioned above, with a history of producing high quality instructional software, would not find a vision to become the industry leader in video games or virtual reality software an appropriate one.
- **A good vision sets standards of excellence and reflects high ideals.** Generally, the vision proposed above for the software company does reflect measurable standards of excellence and a high level of aspiration. The actual measure could be the external reputation of the company, as assessed by having users evaluate the company and its products.
- **A good vision clarifies purpose and direction.** In defining that "realistic, credible, attractive future for an organization," a vision provides the rationale for both the mission and the goals the organization should pursue. This creates meaning in workers' lives by clarifying purpose, and making clear what the organization wants to achieve. For people in the organization, a good vision should answer the question, "Why do I go to work?" With a good vision, the answer to that question should not only be, "To earn a paycheck,"

but also, "To help build that attractive future for the organization and achieve a higher standard of excellence."

- **A good vision inspires enthusiasm and encourages commitment.** An inspiring vision can help people in an organization get excited about what they're doing, and increase their commitment to the organization. The computer industry is an excellent example of one characterized by organizations with good visions. A recent article reported that it is not unusual for people to work 80 hour weeks, and for people to be at work at any hour of the day or night. Some firms had to find ways to make employees go home, not ways to make them come to work! What accounts for this incredible work ethic? It is having a sense of working organizations that are building the future in a rapidly evolving and unconstrained field, where an individual's work makes a difference, and where everyone shares a vision for the future.
- **A good vision is well articulated and easily understood.** In order to motivate individuals, and clearly point toward the future, a vision must be articulated so people understand it. Most often, this will be in the form of a vision statement. There are dangers in being too terse, or too long-winded. A vision must be more than a slogan or a "bumper sticker." Slogans such as Ford Motor Company's "Quality Is Job One" are good marketing tools, but the slogan doesn't capture all the essential elements of a vision. On the other hand, a long document that expounds an organization's philosophy and lays out its strategic plan is too complex to be a vision statement. The key is to strike a balance.
- **A good vision reflects the uniqueness of the organization, its distinctive competence, what it stands for, and what it is able to achieve.** This is where the leaders of an organization need to ask themselves, "What is the one thing we do better than anyone else? What is it that sets us apart from others in our area of business?" A good example of a visioning process refocusing a company on its core competencies is Sears. A few years ago, Sears had expanded into areas far afield from its original business as a retailer. Among other things, Sears began offering financial services at their stores. Poor performance led Sears to realize that they could not compete with financial services companies whose core business was in that area, so they dropped that service and eliminated other aspects of their business not related to retailing. Interestingly, Sears' primary competitor is Wal-Mart, an organization with a very clear and compelling vision. Sam Walton found a niche in providing one stop shopping for people in rural areas, and overwhelmed "Mom and Pop" stores with volume buying and discounting. Wal-Mart is very clear about their vision, and has focused on specific areas where they can be the industry leader. The key is finding what it is that your organization does best. Focus your vision there.
- **A good vision is ambitious.** It must not be commonplace. It must be truly extraordinary. This property gets back to the idea of a vision that causes people and the organization to stretch. A good vision pushes the organization to a higher standard of excellence, challenging its members to try and achieve a level of performance they haven't achieved before. Inspiring, motivating, compelling visions are not about maintaining the status quo.

## SELF ASSESSMENT EXERCISE 1

Explain six properties of a good vision.

### 3.3 HOW DO YOU DEVELOP A VISION

At this point you should know what a good vision consists of, and recognize a vision statement when you see one. But how does a strategic leader go about developing a vision for an organization? Nanus also offers a few words of advice to someone formulating a vision for an organization:

- **Learn everything you can about the organization.** There is no substitute for a thorough understanding of the organization as a foundation for your vision.
- **Bring the organization's major constituencies into the visioning process.** This is one of Nanus's imperatives: don't try to do it alone. If you're going to get others to buy into your vision, if it's going to be a wholly shared vision, involvement of at least the key people in the organization is essential. "Constituencies," refer to people both inside and outside the organization who can have a major impact on the organization, or who can be impacted by it. Another term to refer to constituencies is "stakeholders"- those who have a stake in the organization.
- **Keep an open mind as you explore the options for a new vision.** Don't be constrained in your thinking by the organization's current direction - it may be right, but it may not.
- **Encourage input from your colleagues and subordinates.** Another injunction about not trying to do it alone: those down in the organization often know it best and have a wealth of untapped ideas. Talk with them!
- **Understand and appreciate the existing vision.** Provide continuity if possible, and don't throw out good ideas because you didn't originate them.

### 3.4 SEVEN-STEP PROCESS FOR FORMULATING A VISION

**1. Understand the organization.** To formulate a vision for an organization, you first must understand it. Essential questions to be answered include what its mission and purpose are, what value it provides to society, what the character of the industry is, what institutional framework the organization operates in, what the organization's position is within that framework, what it takes for the organization to succeed, who the critical stakeholders are, both inside and outside the organization, and what their interests and expectations are.

**2. Conduct a vision audit.** This step involves assessing the current direction and momentum of the organization. Key questions to be answered include: Does the organization have a clearly stated vision? What is the organization's current direction? Do the key leaders of the organization know where the organization is headed and agree on the direction? Do the organization's structures, processes, personnel, incentives, and information systems support the current direction?



**3. Target the vision.** This step involves starting to narrow in on a vision. Key questions: What are the boundaries or constraints to the vision? What must the vision accomplish? What critical issues must be addressed in the vision?

**4. Set the vision context.** This is where you look to the future, and where the process of formulating a vision gets difficult. Your vision is a desirable future for the organization. To craft that vision you first must think about what the organization's future environment might look like. This doesn't mean you need to predict the future, only to make some informed estimates about what future environments might look like. First, categorize future developments in the environment which might affect your vision. Second, list your expectations for the future in each category. Third, determine which of these expectations is most likely to occur. And fourth, assign a probability of occurrence to each expectation.

**5. Develop future scenarios.** This step follows directly from the fourth step. Having determined, as best you can, those expectations most likely to occur, and those with the most impact on your vision, combine those expectations into a few brief scenarios to include the range of possible futures you anticipate. The scenarios should represent, in the aggregate, the alternative "futures" the organization is likely to operate within.

**6. Generate alternative visions.** Just as there are several alternative futures for the environment, there are several directions the organization might take in the future. The purpose of this step is to generate visions reflecting those different directions. Do not evaluate your possible visions at this point, but use a relatively unconstrained approach.

**7. Choose the final vision.** Here's the decision point where you select the best possible vision for your organization. To do this, first look at the properties of a good vision, and what it takes for a vision to succeed, including consistency with the organization's culture and values. Next, compare the visions you've generated with the alternative scenarios, and determine which of the possible visions will apply to the broadest range of scenarios. The final vision should be the one which best meets the criteria of a good vision, is compatible with the organization's culture and values, and applies to a broad range of alternative scenarios (possible futures).

### **3.5 Barriers to Vision**

Vision can be killed, it can be shredded and an organization can commit vision suicide. Therefore, as you engage in the visioning process, one should be alert to the following vision killers:

- Tradition
- Fear of ridicule
- Stereotypes of people, conditions, roles and governing councils
- Complacency of some stakeholders
- Fatigued leaders
- Short-term thinking
- "Naysayers"

## **SELF ASSESSMENT EXERCISE 1**

Explain six barriers to vision formulation

### **3.6 IMPLEMENTING THE VISION**

Now that you have a vision statement for your organization, it is not the end of the process. Formulating the vision is only the first step; implementing the vision is much harder, but must follow if the vision is going to have any effect on the organization. The three critical tasks of the strategic leader are formulating the vision, communicating it, and implementing it. Before implementing the vision, the leader needs to communicate the vision to all the organization's stakeholders, particularly those within the organization. The vision needs to be well articulated so that it can be easily understood. And, if the vision is to inspire enthusiasm and encourage commitment, it must be communicated to all the members of the organization.

How do you communicate a vision to a large and diverse organization? The key is to communicate the vision through multiple means. Some techniques used by organizations to communicate the vision include disseminating the vision in written form; preparing audiovisual shows outlining and explaining the vision; and presenting an explanation of the vision in speeches, interviews or press releases by the organization's leaders. An organization's leaders also may publicly "sign up" for the vision. You've got to "walk your talk." For the vision to have credibility, leaders must not only say they believe in the vision; they must demonstrate that they do through their decisions and their actions.

Once you've communicated your vision, how do you go about implementing it? This is where strategic planning comes in. To describe the relationship between strategic visioning and strategic planning in very simple terms, visioning can be considered as establishing where you want the organization to be in the future; strategic planning determines how to get there from where you are now. Strategic planning links the present to the future, and shows how you intend to move toward your vision. One process of strategic planning is to first develop goals to help you achieve your vision, then, develop actions that will enable the organization to reach these goals.

### **4.0 CONCLUSION**

An organization must and can develop a strategic plan that includes specific and measurable goals to implement a vision. A comprehensive plan will recognize where the organization is today, and cover all the areas where action is needed to move toward the vision. In addition to being specific and measurable, actions should clearly state who is responsible for their completion. Actions should have milestones tied to them so progress toward the goals can be measured.

Implementing the vision does not stop with the formulation of a strategic plan - the organization that stops at this point is not much better off than one that stops when the vision is formulated. Real implementation of a vision is in the execution of the strategic plan throughout the

organization, in the continual monitoring of progress toward the vision, and in the continual revision of the strategic plan as changes in the organization or its environment necessitate.

## **5.0 Summary**

In this unit we have dealt with definition of vision statement, examined the properties of a good vision and discussed how to develop a Vision with the seven-step process for formulating a vision and how to implement the vision.

## **6.0 Tutor Marked Assignment**

1. Give detail step-by-step approach to formulate an organizational vision.
2. Explain the properties of a good vision

## **7.0 References/Further Readings**

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## **Module 3**

### **UNIT 1**

### **ORGANIZATIONAL CORE VALUES**

#### **Contents**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Organizational core values
  - 3.2 Value at work
  - 3.3 Importance of value at work
  - 3.4 What values can look like
    - 3.4.1 Team work
    - 3.4.2 Honesty
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    - 3.4.4 Commitment
    - 3.4.5 Ownership
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    - 3.4.9 Personal development
- 4.0 Conclusion
- 5.0 Summary
- 6.0 References/Further Readings
- 7.0 Tutor Marked Assignment

#### **1.0 Introduction**

Every corporate organization has a unique manner of operations ranging from product packaging to customers' service relationship. All these help to define the organization and determine their success. In this unit, we shall discuss organization core values which is one of the crucial strategy for achieving organization goal.

#### **2.0 Objectives**

At the end of this unit, you should be able to:

- Organizational core values

- Discuss the components of organizational core values.

### **3.0 Main Content**

#### **3.1 ORGANISATIONAL CORE VALUES**

An organisational value according to Rokeach (1973) is a belief that a specific mode of conduct is preferable to an opposite or contrary mode of conduct. Some organisations think of their values as their “guiding beacon” directing the process of organisational development and growth. Others describe them as the components of their philosophy. They do relate to how organisations deal with their beliefs about people and work. They define non-negotiable behaviours. More and more studies show that successful companies place a great deal of emphasis on their values. Any organisation which espouses particular values will tell you that those values underpin their vision.

There are different types of values but for the purpose of our study, we shall limit ourselves to value at work.

#### **3.2 Value at work**

Values at work assist the organization by the following:

- 1) Providing a framework for how employees treat one another at work.
- 2) Providing a framework for how employees treat their customers.
- 3) Helping employees make good sense of working life and how to fit in the big picture of the organization.
- 4) Providing a framework for achieving the vision and increasing the effectiveness of the organisation.
- 5) Creating an environment conducive to job satisfaction as well as finding work which is exciting and challenging.
- 6) Differentiating one organisation from another.

#### **3.3 Importance of value at work**

Values at work are important because:

- 1) It gives us guidelines for employees’ behaviour.
- 2) Because we in a highly competitive world and it helps show the organization’s customers how they are different from other providers, and potential staff how the organization differs from other prospective employers because the organization say “This is what we value here”.

People are increasingly aware of organizational values and look for them, frequently choosing one organisation over another because of their values.

- They provide the basis for achieving culture change.
- They help enable people and organisations to succeed.
- They impact on professional practice.
- They can provide a measurement of success for individuals. (Some organisations include them in people’s performance reviews)
- They can provide some stability through change; i.e. which values are remaining, how do we implement the change in line with our values?

Values are the essence of corporate culture because they set out the “do’s” and “don’ts” of the organization. They are not written only to be hanged on the wall but also to be practice.

Core values and beliefs can relate to different constituents such as customers, employees, and shareholders, to the organization's goals, to ethical conduct, or to the organization's management and leadership philosophy. For instance, Baxter Healthcare Corporation has articulated three Shared Values: Respect for their Employees, Responsiveness to their Customers, and Results for their Shareholders, skillfully linking their core values to their key constituencies and also saying something about what is important to the organization.

### **3.4 What values look like**

What value looks like varies from one organisation to another. Core value of an organization can be symbolized by one word, then have a brief definition and follow be a defined behaviour. Values supports organizational vision, shapes their culture, and reflect what they value. According to Collins and Porras (1991), expressed the importance of core values and beliefs this way:

I firmly believe that any organization, in order to survive and achieve success, must have a sound set of beliefs on which it premises all its policies and actions. Next, I believe that the most important single factor in corporate success is faithful adherence to those beliefs. And, finally, I believe [the organization] must be willing to change everything about itself except those beliefs as it moves through corporate life.

#### **3.4.1 Teamwork**

Teamwork is an effective construct that every organization must desired to achieve. One of the motto of the European football (Liverpool F.C) says “never walk alone”. Listening to and respecting each other whilst working together to achieve mutually beneficial results for the organization. Providing support to one another, working co-operatively, respecting one another’s views, and making our work environment fun and enjoyable. All these are the characteristics of teamwork.

The under bullet points indicate defined behaviours of teamwork.

- Everyone has strengths which we value and will use whenever possible.
- All team meetings will include a progress report from everyone and requests for help when needed.
- We help others to achieve their deadlines without having to be asked.
- All projects have identified points which are celebrated by the whole team.
- We work with one another with enthusiasm and appreciation.
- We work with one another without manipulation.
- Conflict is resolved according to agreed guidelines for this team.
- Conflict is brought out into the open and dealt with constructively until all parties are satisfied with the result.

### **3.4.2 Honesty**

Being open and honest in all our dealings and maintaining the highest integrity at all times

- All concerns are allowed to bare their mind constructively with solutions offered.
- Each person is as skilled in some way as another and is entitled to express their views without interruption.

### **3.4.3 Excellence**

Always doing what we say we will and striving for excellence and quality in everything we do.

- Quality will always delight the client whilst staying within budget limitations.
- If we give our word we keep it unless agreed otherwise by all parties.

### **3.4.4 Commitment**

Working with urgency and commitment to be successful from individual and company perspectives.

- Timeframes are always met unless urgent circumstances mean we have to renegotiate new timeframes with all parties.
- Clients' needs agreed within budgets are met regardless of personal wants.

### **3.4.5 Ownership**

Taking ownership of our customers' needs and being accountable for delivering friendly and professional service.

- We are each fully accountable for our work in gaining any possible repeat business with customers.
- We understand our customers' business, prepare for all meetings with them

### **3.4.6 Recognition**

Recognising and rewarding each other's contributions and efforts.

- All individual successes are celebrated within the team.
- Assistance is appreciated every time.

### **3.4.7 Customer' Service**

We enjoy their custom and so they deserve our service-timely, responsive, proactive, meeting their needs and aiming to delight.

- At every meeting with our customers we ask them what we could have done better, then, implement their suggestions before we meet them again.
- Before any accounts are rendered, we check with our customers that they are sufficiently satisfied to pay the agreed account.
- All agreements are met.

### **3.4.8 Professionalism**

At all times we act with integrity, providing quality service, being reliable and responsible.

- We do not upset one another intentionally, always endeavouring to present negative feedback constructively.
- We take pride and ownership in all that we do and say.

- We never talk about people behind their backs.

### **3.4.9 Personal development**

We value learning, feedback, coaching and mentoring.

- Coaching and mentoring are commonplace here; we all coach and mentor one another.
- All opportunities for our own learning are pursued.
- Whenever we undertake a project it is our responsibility to express our training needs and gather the required skills.
- We each take responsibility to gain the required development to meet our customers' needs.

## **4.0 Conclusion**

In this unit, we have discussed organizational core values and what value looks like in an organization. Core value of an organization can be symbolized by one word, then have a brief definition and follow by a defined behaviour. They we explained different defined behaviours such as honesty, teamwork, customers' service, personal development and so on.

## **5.0 Summary**

We have fully seen that core values determine organizational success; most organizations describe them as the components of their philosophy. Although, organizational core values are stated and conspicuously hanged on the walls of different organizations but the essence is that they should be practiced.

## **6.0 Tutored-Marked Assignment**

Discussed the importance of organizational core values

## **6.0 Further Reading**

<http://www.changed.co.nz/articles/COREVALUES.pdf>



## **UNIT 2**

## **VISION AND THE MANAGEMENT OF CHANGE**

### **Contents**

- 1.0 Introduction
- 2.0 Objectives
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  - 3.1 Vision and the management change
    - 3.1.1 What is change?
    - 3.1.2 Condition and process
    - 3.1.3 Planned or unplanned?
    - 3.1.4 Tactical or strategic
    - 3.1.5 Evolutionary or Revolution?
  - 3.2 Generalized effects of change
    - 3.2.1 Self-confidence
    - 3.2.1 Confusion
    - 3.2.3 Loss and conflict
  - 3.3 Implementing Change
    - 3.3.2 Select the type of change
    - 3.3.1 Develop sensing networks
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
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### **1.0 Introduction**

In this chapter, we will examine how to implement and manage organizational change, and learn how to integrate the notions of the strategic environment, the estimate of the situation, and the management of change. We will also discuss why change is necessary, the nature of change, the effects of change on employees in the organization, leadership implications of change, and why efforts to change an organization often come up short of the intended target.

### **2.0 Objectives**

At the end of this unit, you should be able to:

- Understand vision and the management change
- Generalized effects of change on an organization and
- How to implement organizational change.

### **3.0 Main Content**

#### **3.1.1 What is organizational change?**

Organizational change is about making alterations to the organization's purpose, culture, structure, and processes in response to seen or anticipated changes in the environment. Strategic management of change is all about identifying and embedding in the organization those changes that will ensure the long-term survival of the organization. How do we think about change?

#### **3.1.2 Condition and Process**

Change can be thought of as a condition and a process. Change as a condition describes what is happening in the environment; it is part of the reality we must accept. Change as a condition may profoundly influence our organization, but it takes place externally and we have little control over it.

Change as a process is what we foster internally in response to changes in the environment. It is the leadership and management actions we take to change the organization. Therefore, unlike changes in the environment, change as a process is ours to influence (Sullivan & Harper, 1996).

#### **3.1.3 Planned or unplanned?**

Change can be planned or unplanned. Both can be good, both can be bad. Unplanned change just happens in reaction to unseen or unanticipated influences. Often, it is difficult to tell where the change came from and how it was initiated. Paradoxically, planned change is all about maintaining the organization's relevancy in the face of environmental pressures.

#### **3.1.4 Practical or Strategic?**

Tactical change occurs in the short-term and, more often than not, is short-lived. "Fad-surfing" is a sure symptom of tactical change. In the face of changes in the environment, many leaders often reach out and grasp the "fad du jour" [e.g., one-minute manager, management by objective (MBO), TQM, TQL]. Then the next day, they grasp at the next "fad du jour," whip-sawing the organization with inconsistent messages and inconsequential behaviour. This attempt to manage change is a sure sign that the leaders do not understand the environment, the organization, or both.

	<b>UNPLANNED CHANGE</b>	<b>PLANNED CHANGE</b>
<i>TACTICAL</i>	KNEE-JERK REACTION	ROUTINE ADJUSTMENTS
<i>STRATEGIC</i>	SPONTANEOUS OPPORTUNITY	BUILDING ROBUSTNESS

Strategic change is about leveraging vision to get at fundamental aspects of the organization, including the organization's direction and its culture. Strategic change is about forging organizational robustness in the face of environmental pressures. Hence, an accurate and insightful view of the current reality is as important as a clear vision (Senge 1990). Robustness is the timely capacity to anticipate and adapt to environmental change in order to maintain competitive advantage. Improving and maintaining robustness takes three interdependent forms, viz:

- First, it is a function of comprehensive environmental scanning, accurate articulation of values, beliefs, and assumptions, the freedom to question values, beliefs and assumptions, creativity to formulate new options, and tolerance of risk in the pursuit of a new course.
- Second, robustness is about resource self-sufficiency. Often, the capital investment/reinvestment required to implement change is huge.
- Third, robustness is about maintaining contact and managing credibility with strategic constituencies.

### 3.1.5 Evolutionary or Revolutionary?

Change can be evolutionary or revolutionary. It can take place gradually within an existing paradigm, or it can be a dramatic shift to an entirely new paradigm. In addition to being gradual, evolutionary change usually is linear, and sequential. The downside of evolutionary change is that it is predictable. Competitors can figure out what your organization is doing and where it is going.

Revolutionary change is about transforming the organization. The revolution can be small or it can be total. The path of transformational change, while not linear and sequential, can be made predictable to people inside the organization through proper planning and communication.

Both evolutionary and revolutionary change can be legitimate strategic choices under the right environmental conditions. Environmental conditions can be defined by velocity, mass, and complexity. The velocity of change is the rate change takes place. The mass of the change is how widespread it is. And, the complexity of change means that change never occurs in isolation. Each change affects other changes in often unseen, unanticipated, or misunderstood ways that lead to unintended second- and third-order effects (Sullivan & Harper 1996).

## **3.2 Generalized effects of change**

Can we anticipate the generalized effects of change on employees? Within the domain of human behaviour, the answer is yes. Four main effects are salient: self-confidence, confusion, loss, and conflict.

### **3.2.1 Self-confidence**

Change can cause employees to feel incompetent, needy, and powerless, in short, to lose self-confidence. It is essential for the employees in the organization to be involved in planning and executing change, to have opportunities to develop new skills required by the change, and to depend on psychological support mechanisms put in place before, during, and after the change is implemented.

### **3.2.2 Confusion**

Change can create confusion throughout the organization. Change alters the clarity and stability of roles and relationships, often creating chaos. This requires realigning and renegotiating formal patterns of relationships and policies.

### **3.2.3 Loss and Conflict**

By definition, change creates loss and therefore generates interpersonal conflict. Change can create loss of meaning and purpose. People form attachments to symbols and in symbolic activity. When the attachments are severed, people experience difficulty in letting go of old attachments. Avoiding or smoothing over these issues produce conflict underground, where it can fester and boil over. The psychological wounds that come with change require the creation of arenas where issues can be dealt with that may require symbolic healing (Bolman & Deal 1991).

## **3.3 Implementing Change**

How does a major change take place and become infused throughout the organization? The answer comes from being broad-minded rather than narrowly focused. A strategic leader must develop sensing networks, expand the target audience, gather and broaden the power base, alert the organization that change is coming, actively manage the planning and execution processes by linking every day-to-day action to the vision for change, continually communicate the vision for change to key internal and external constituencies, know about and plan for overcoming resistance, and be prepared for unexpected but necessary mid-course corrections (Goodfellow 1985).

### **3.3.1 Develop Sensing Networks**

Most strategic leaders consciously develop and maintain a variety of information and power networks. These networks may be the sources of information that change is necessary. In addition to serving as sources of information, these networks also serve as sounding boards for

new ideas. The people in these networks must be trusted by the leader, and familiar with the leader's thought processes.

### **3.3.2 Select The Type Of Change**

What type of change is needed? The answer depends on the nature of changes in the environment, how well strategic leaders have studied the environment and anticipated the need for change, and the nature of the organization itself. Two forms of interest here are revolutionary change and evolutionary change.

## **4.0 Conclusion**

Research shows that organizations can get so immersed in inertia that they require revolutionary changes to adapt successfully to the changing environment. In other words, some organizations may not be able to change in spite of warnings from the environment. General Motors and IBM are two examples of organizations that almost became irrelevant because they persisted with their unimaginative products despite the risks imposed by Japanese car manufacturers and the rise of the personal computer. They could not visualize another way of doing things. In Nigeria of today, all attention is oil sector and this is dangerous. Can you think of examples within your organization where change mistakenly was avoided, or the wrong kind of change was selected?

## **5.0 Summary**

In "stuck" organizations, quantum changes seem to occur only after a significant decline in organizational performance; often a leader is recruited from outside the organization. This is because leaders from outside the organization bring a new way of seeing the world; they are not trapped by the cultural norms and conventions that created the inertia. Revolutionary change is the way to save an organization that has lost its competitive advantage and slipped perilously close to the abyss of irrelevancy. The downside to revolutionary change is that it tends to accentuate the negative generalized effects discussed earlier.

### **Self Assessment Exercise**

Write short notes on the following:

- (1) Planned and unplanned change
- (2) Tactical and strategic change
- (3) General effects of change

## **6.0 Tutor Marked Assignment**

Differentiate between revolutionary and evolutionary change in an organization

## 7.0 Reference/Further Readings

- Argyris, C. (2011). *Organizational traps: Leadership, culture, organizational design*. New York, NY: Oxford University Press.
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## **UNIT 3**

## **COMMUNICATIONS PLANNING IN ORGANIZATION**

### **Contents**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1.1 Communication Planning – Definition
  - 3.1.2 Reasons for communication in an organization
  - 3.2 Process of communication
    - 3.2.1 Upward communication
    - 3.2.2 Downward communication
  - 3.3 Forms of communication
  - 3.4 Models of communication
  - 3.5 Communication planning – The six steps training
  - 3.6 Communications vehicles in an organization
- 4.0 Conclusion
- 5.0 Summary
- 6.0 References/Further Readings
- 7.0 Tutor Marked Assignment

### **1.0 Introduction**

In this unit we shall discuss communication planning in organizations. Effective communication is a key to organizational success; it is a process that assists organizations to reach their goals. We shall definition communication planning, give reasons for communication in an organization, delve into process of communication, forms of communication and lastly, communication planning – The six steps training.

### **2.0 Objectives**

At the end of this unit, you should be able to:

- Understand clearly the meaning of communication planning in an organization
- Discuss the process of communication.

### **3.0 Main Content**

#### **3.1.1 COMMUNICATIONS PLANNING — DEFINITION?**

Communication is the transfer of information and understanding from one person to another. It is a way of reaching others by transmitting ideas, facts, thoughts, feelings, and values. People and

organizations communicate with others for a variety of reasons — to inform, persuade, prevent misunderstandings, present a point of view or reduce barriers.

Communications happens when the message you send is received, understood and acted upon by your intended audience. Communications planning is simply a process to help you reach that goal.

The communications plan has been described in a number of ways, including:

- a foundation on which to base decisions and create ideas
- a means of focusing on where you want to be and what needs to be done to get there
- a tool for discovering opportunities, optimizing challenges and initiating change
- a means of monitoring your communications efforts.

Communications planning is a straightforward, step-by-step process that will help you clearly and logically summarize what you want to say to your intended audience and map out how you will deliver that message.

Keep in mind, the same logical process used to launch a new consumer product on a national basis can also be used to inform parents about a bake sale to raise funds for their child's school trip.

### **3.1.2 REASONS FOR COMMUNICATION IN AN ORGANIZATION**

Organizations need to communicate for the following reasons:

- **To inform.** You may need to let interested parties know who you are, what you can do for them, what they can do to help you, or even just how to get in touch.

- **To build understanding or change behaviour.**

You may want to encourage others to think, act or feel a certain way; to stop smoking, for example. This can involve appealing to feelings, self-interest, or a person's imagination.

- **To prevent misunderstandings.** Even a small misunderstanding can create large problems for an organization. As a manager, you can ensure good communications by putting yourself in your audience's position, paying attention to their needs and getting to know them.

- **To present a point of view.** Often this is all you need to do to accomplish your goal.

- **To lower barriers between groups and individuals.** These barriers may range from information overload to suspicion and prejudice.

Communication in the organisation represents a complex system of the flow of information, orders, wishes and references made out of two partially complementary systems: formal communication network and informal communication network (Fox, 2001).

Formal communication is a systematic and formal process of information transmission in spoken and written form planned in advance, and adjusted with the needs of the organisation. Fox (2001) maintain that while informal communication does not follow the line determined in advance, but there is an undisturbed communication between particular groups within the organisation.



## **SELF ASSESSMENT EXERCISE 1**

Mention 4 reasons for communication within an organization

### **3.2 PROCESS OF COMMUNICATION**

The process of communication involves several elements: the sender, the message, the medium, and the recipient. Communication flows from the sender which is the source of the communication (be it an individual or a group). He sends off the message to the recipient using a particular medium. When talking about the communication within the organisation, characteristic for the medium are different immediate conversations, memos, printouts and schemes depending on the content and the aim of the message which the sender wants to convey to the recipient. The recipient then attempts to understand which message the sender wants to convey, although the communication process may sometimes be interrupted by a noise in the communication channel, which can impede the communication. The problem which often appears within the organisation is getting information overload which leads to a burden, so therefore it is important to take account of selecting only the relevant information.

#### **3.2.1 Upward communication**

The one which goes up the official hierarchy, from the lower to the higher level in the organisation. Information goes from the subordinates to the superiors. It is mostly used for sending information associated with the proposals system, employees' opinion, work insight, attitudes and problems of the employees. It is important to secure the freedom of communicating (undisturbed information flow) since the main drawback of the upward communication is message filtering.

#### **3.2.2 Downward communication**

Flows from the higher to the lower levels in the organisation. It is characteristic for giving orders, broadening of ideas and communicational knowledge. It takes up a lot of time, but its most common problem is the loss or denying of information on the path through the chain of command; very often there is misunderstanding of the directions, therefore a backward connection has to be established in order to confirm the transmission of correct and full information.

Wehrich and Koontz term the horizontal and diagonal flow of information a sideward communication, because of their generic joint features. S. P. Robbins terms them a lateral communication. Horizontal communication appears among people of the same status within a department or among different working units, whereas the diagonal communication appears among people of the different status who are not formally connected in the organisational communication system. (Fox, 2001).

### **3.3 FORMS OF COMMUNICATION**

Communication can develop into several different forms: oral, written and non-verbal form.

**Oral communication** – the spoken word is the main code of the communication. Formal discussions and informal rumours are some of the forms of oral communication. Usual channels of oral communication are phone, video, and face-to-face conversations. There are some advantages of oral communication over other forms of communication, namely the speed of

conveying the information and feedback. The disadvantage, however, is the possibility of distorting the original message. In the business world oral communication plays a great role.

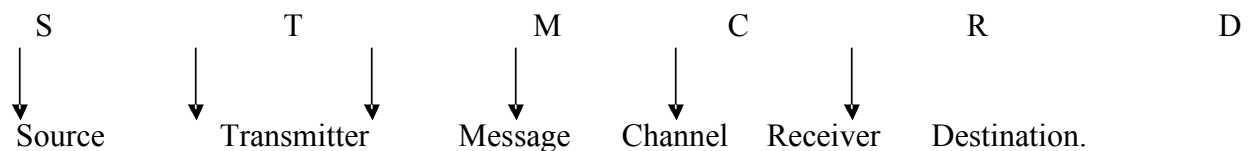
**Written communication** – compared to the oral communication it is tangible whereby it is much easier to verify the data. One of its disadvantages is that it takes up more time compared to the oral communication and there is not a direct feedback. The written form of the communication is attached to some sort of technology which enables us to convey the information (PC, paper, pen, printer, fax machine, telephone, and so on).

**Non-verbal communication**—facial expression, gesturing, handshake, tone of the voice, look and appearance are some of the elements of non-verbal communication. According to Rouse & Rouse (2005), non-verbal communication implies all intentional and accidental meanings which have no form of a written or spoken word. Non-verbal form of the communication is often neglected compared to the other forms of communication. Important advantages of non-verbal communication are that it supports other forms of communication; whereas the disadvantage is that the recipient may misconceive the message and consequently misinterpret it.

### 3.4 MODEL OF COMMUNICATION

The first Model of Communication is the STMCRO communication model.

#### 1<sup>st</sup> MODEL



- i. **Source** – sender of a message.
- ii. **Transmitter** – Means of sending the Message e.g, memo, phone call or personal visit.
- iii. **Message** – Series of lodes, symbols, signs, signals etc.
- iv. **Channel** – Carrier of the message.
- v. **Receiver** – Exactly what receive the message?
- vi. **Destiny** – Receiver or end product of the message.

**I. SOURCE:** Source is the originator of the message. It is the beginner of the communication process. The source is the one that arranges the codes, the signal and the signs in a way that is good to others then he sends it out.

### SELF ASSESSMENT EXERCISE 2

Explain the role of channel in communication

## THE SKILLS OF THE SOURCE

### **1. Sensory skills; these are:**

- a. Ears; the sense of hearing – auditory
- b. Nose; the sense of smelling – olfactory
- c. Eyes; the sense of seeing – optical.
- d. Tongue: the sense of tasting –
- e. Skin: the sense of touching – Tactile

These five sensory skills are used in communication.

**II. TRANSMITTER:** Physical or material means of sending message e.g. memo, phone call, personal visit, vocal apparatus i.e. microphone, telephone services, vocal cord. Transmitter is the means by which the source encodes, sends his/ her message.

**III. MESSAGE:** Meaningful information. A process of creating meaning. A message starts from the thought, a good transmitter and finally passes through the receiver to the destination. Message is a piece of information which is very important than any other information and that which can change the course of life.

**IV. CHANNEL:** This is the medium of carrying the message. It is the sum of all the means of carrying the message. These include all the senses verbal and non- verbal. Channel is the carrier of the message. Transmitter is a means but channel is a medium. A manager can use many channels in a transmitter. This is known as MULTIFACETED channel.

**V. RECEIVER:** The person or the thing {ear} that receives the message. Receiver is exactly what/who receives the message. It may be the ear, tongue, skin, eyes e.t.c.

## **3.5 COMMUNICATIONS PLANNING — THE SIX STEPS TRAINING**

### **STEP ONE — Research and Analysis or Take Stock of Your Current Situation**

Start your communications planning with some research. Research can be inform of conducting a public opinion poll or as simple as browsing the Internet or talking on an informal basis with your clients or staff. It also means asking the following questions about your current situation and what affects it:

- What are your organization's goals, strengths and weaknesses? Having a clear picture of what your organization wants to achieve will help you determine a good course of action for your communications.
- What resources do you already have? Information, people, money, time and public support are all valuable assets. Determining which assets you have and which ones you might need will help you decide on the scope of your communications program.
- Is there any current research that will help you? Do you need to do any research?
- Has this type of communications activity taken place before? If so, what was the result?
- What are your major communications opportunities? Perhaps the local newspaper is always interested in your organization's activities. Or maybe there's an annual meeting coming up where you can present your messages.
- What are your major communications impediments?

This will help the organization to achieve its objections through low-cost manner.

**The analysis stage involves sifting through the research to look for information that will help the organization frame its communications plan. Analysis can help you:**

- define your communications challenge.
- identify friends (and opposition) and suggest their motivation.
- help identify audiences, place them in order of importance and determine how they perceive your organization
- suggest what messages should be directed to your audience.

## **STEP TWO — Goals and Objectives**

Defining your goals and objectives or **what** you are trying to achieve will help you focus on the **who, why, when and how** of your communications planning.

**Goals** are the overall changes the organization wish to cause.

**Objectives** are the short-term, measurable the organization will take to reach its goal.

When deciding on your objectives, ask yourself:

- Are we seeking to provide new information?
- Are we calling the audience to action?
- Are we seeking to change behaviour?

Your objectives should form a clear statement of what it is you are trying to do. They should be specific, realistic and listed in order of importance. They should also be measurable. When you evaluate your communications plan, you will measure your results against your objectives.

## **STEP THREE — Target Audience**

The next step in the planning process is to determine your target audiences by:

- listing the groups with whom you need to communicate
- analyzing each group.

When choosing the people or groups your organization needs to influence, it may be helpful to think about the many different ways you can describe them. For example, your target audience might be males aged 18–24. But, it could be more helpful to know that your target audience is males aged 18–24 who are car owners **or** football players **or** volunteer fire fighters **or** teachers. The more clearly you can define your audience, the easier it will be to make choices about your messages and communications vehicles.

When analyzing each group, consider:

- What do they already know about your organization?
- How are they likely to react to your message and why?
- What are some factors influencing the audience that receives your message — for example: literacy levels or multicultural differences?
- Are there any difficulties you might have in communicating with each group?

## **STEP FOUR — Key Messages**

Taking into consideration your objectives and target audiences, it is now time to identify the essential idea or set of ideas you want to communicate. Ask yourself — What does the audience already know about this issue?

What does the audience need to know? What do we want to tell the audience?

Now, develop the message or messages you want your target audience to hear and to believe.

Write down each message in a simple, specific statement.

Keep in mind, to motivate people, you must show them that you will help meet their needs. A clear description of the benefits to your audiences will help ensure that your message is received, understood and acted upon.

## **STEP FIVE — Communications Strategy**

### **Tactics**

There are many communications vehicles available from which an organization can choose. Having done your communications analysis, you will be able to narrow your choices to the communications vehicles that:

- fit with the resources you already have
- are the most effective communications vehicles to reach your target audience and influence them with your message(s)
- help you achieve your goals and deliver the outcomes you want.

Timing is another very important consideration when choosing your communications vehicles. You don't want your messages competing unnecessarily with other events. Finally, there is the budget. Don't let a limited budget discourage you. There are many inexpensive communication vehicles.

### **Implementation**

Make a list of all the activities that will take place:

- before the launch of your communications campaign; for example, preparing a mailing list, writing a news release
- at the time of the launch; for example, distribution of the news release as a follow-up; for example, responding to media inquiries resulting from the news release.

If you develop a long-term plan, be sure to build in some check points to monitor progress and aid adjustments.

## **STEP SIX — Evaluation**

How will you know if you are successful? Will the audience receive the messages you intend them to receive, or will they get an entirely different message? By evaluating your communications plan, you can learn how your plan worked with various audiences, which activities had the most impact, and which parts of the plan failed.

There are a variety of formal measurement techniques for measuring the results against your objectives, such as: readership surveys, attitude audits, focus group sessions.

You can do your own evaluation on a less formal basis by assessing media coverage and talking to your clients.

The evaluation of your first plan should form the foundation of your next communications plan.

## **3.6 Vehicles Of Communication In An Organization**

### **Organization/Corporate Communications**

- spokesperson
- speeches
- special events
- displays
- trade shows or special client-group meetings

- annual and other reports
- annual meetings

### **Internal Communications**

- meetings
- newsletters
- employee annual report
- information in pay envelopes
- letters sent to employees' homes
- bulletin board messages
- electronic mail messages
- employee special events

### **4.0 Conclusion**

In this unit, we discussed communication planning in an organization which is a tool for discovering opportunities, optimizing challenges and initiating change in an organization. We also developed six step training process to follow in reaching effective communication in an organization.

### **5.0 Summary**

All along, we have highlighted the fact that communication planning is a critical process to a successful organization and how organizations can do it. The forms of communication from verbal, written to non-verbal are well explained. Communication in the organisation represents a complex system of the flow of information, orders, wishes and references made out of two partially complementary systems: formal communication network and informal communication network.

In the next unit, we shall discuss how organizational structure influences communication

### **6.0 TUTOR MARKED ASSIGNMENT (TMA)**

Mention the process of communication in an organization

### **7.0 FURTHER READING/REFERENCE**

Inett, P, & Shewchuk, J. (2005). This Factsheet: Communications Planning for Organizations.  
[www.gov.on.ca/omaf](http://www.gov.on.ca/omaf)

## **UNIT 4**

# **HOW ORGANIZATIONAL STRUCTURE INFLUENCES COMMUNICATION**

### **Contents**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 How organizational structure influences communication
  - 3.2 Directions of Communication
    - 3.2.1 Downward communication
    - 3.2.2 Purpose of downward communication
    - 3.2.3 Upward Communication
    - 3.2.4 Types of informal upward communication
  - 3.3 Barriers to effective upward communication
  - 3.4 Methods of improving the effectiveness of upward communication
  - 3.5 Horizontal Communication
- 4.0 Conclusion
- 5.0 Summary
- 6.0 References/Further Readings
- 7.0 Tutor Marked Assignment

### **1.0 Introduction**

An organization's structure influences the communication patterns within the organization. The structure of an organization should provide for communication in three distinct directions: downward, upward, and horizontal. These three directions establish the framework within which communication in an organization takes place especially in educational settings. Examining each one will enable us to better appreciate the barriers to effective organizational communication and the means to overcome these barriers.

### **2.0 Objectives**

At the end of this unit, you should be able to:

- Understand how organizational structure influences communication especially in educational settings
- Identify reasons for communication in an organization
- Discuss the directions of communication and methods of improving the effectiveness of upward communication in educational settings.

### 3.0 Main Content

Assume that you are a manager of an organization. Think of the broad range of messages that are communicated to you in the course of a workday. For example, a senior manager may ask you to complete an important state report; another manager may hand you a memo regarding the status of a new program recently implemented; you may read an e-mail message from a colleague regarding the winner of the office's football team; and your secretary may tell you a funny story. From these examples, it is easy to distinguish between two basic types of communication that occur in school organizations: *formal communication* – the exchange of messages regarding the official work of the organization, and *informal communication* – the exchange of unofficial messages that are unrelated to the organization's formal activities. In this article, I will focus on formal communication.

#### 3.1 How organizational Structure Influences Communication

Although the basic process of communication is similar in many different contexts, one unique feature of organizations has a profound impact on the communication process – namely, its structure (Greenberg & Baron, 2011). Organizations often are structured in ways that dictate the communication patterns that exist. Given this phenomenon, we may ask: How is the communication process affected by the structure of an organization?

The term organizational structure refers to the formally prescribed pattern of relationships existing between various units of an organization (Ivancevich, Konopaske, & Matteson, 2011).

An organization's structure typically is described using a diagram, known as an *organizational chart*. Such diagrams provide graphic representations of the formal pattern of communication in an organization. An organization chart may be likened to an X-ray showing the organization's skeleton, an outline of the planned, formal connections between individuals in various departments or units (Argyris, 2011).

An organizational chart consists of various boxes and the lines connecting them. The lines connecting the boxes in the organizational chart are lines of *authority* showing who must answer to whom – that is, *reporting relationships*. Each person is responsible to (or answers to) the person at the next higher level to which he or she is connected. At the same time, people are also responsible for (or give orders to) those who are immediately below them. The boxes and lines form a blueprint of an organization showing not only what people have to do (jobs performed including appropriate job titles), but with whom they have to communicate for the organization to operate properly (Jones, 2011).

#### 3.2 Directions of Communication

The structure of an organization should provide for communication in three distinct directions: downward, upward, and horizontal (Lunenburg & Ornstein, 2008). We shall examine them one by one.



### 3.2.1 Downward Communication

Traditional views of the communication process in school organizations have been dominated by *downward communication* flows. Such flows transmit information from higher to lower levels of the school organization. School leaders, from central office administrators to building-level administrators, communicate downward to group members through speeches, messages in school bulletins, school board policy manuals, and school procedure handbooks.

### 3.2.2 Purpose of downward communication

Canary (2011) has identified five general purposes of downward communication:

1. **Implementation of goals, strategies, and objectives.** Communicating new strategies and goals provides information about specific targets and expected behaviors. It gives direction for lower levels of the school/school district, community college, or university. For example: "The new reform mandate is for real. We must improve the quality of student learning if we are to succeed."

2. **Job instructions and rationale.** These are directives on how to do a specific task and how the job relates to other activities of the school organization. Schools, community colleges, or universities need to coordinate individual and departmental objectives with organization-wide goals. We often fail to provide enough of this kind of information, leaving it to the individual staff member to get the big picture.

3. **Procedures and practices.** These are messages defining the school organization's policies, rules, regulations, benefits, and structural arrangements in order to get some degree of uniformity in organization practices. In school organizations, this information is transmitted to staff members through board and organization-wide policy manuals, handbooks, and the day-to-day operation of the school organization.

4. **Performance feedback.** Departmental progress reports, individual performance appraisals, and other means are used to tell departments or individuals how well they are doing with respect to performance standards and goals. For example: "Mary, your work on the computer terminal has greatly improved the efficiency of our department."

5. **Socialization.** Every school organization tries to motivate staff members to adopt the institution's mission and cultural values and to participate in special ceremonies, such as picnics and United Way campaigns. It is an attempt to get a commitment, a sense of belonging, and a unity of direction among staff members (Lunenburg & Ornstein, 2008). For example: "The school thinks of its employees as family and would like to invite everyone to attend the annual picnic and fair on May 30."

The downward flow of communication provides a channel for directives, instructions, and information to organizational members. However, much information gets lost as it is passed from one person to another. Moreover, the message can be distorted if it travels a great distance from its sender to the ultimate receiver down through the formal school organization hierarchy (Tourish, 2010).

### 3.2.3 Upward Communication

The behaviorists have emphasized the establishment of upward communication flows. In a school organization, this refers to communication that travels from staff member to leader. This is necessary not only to determine if staff members have understood information sent downward but also to meet the ego needs of staff.

### 3.2.4 Types of informal upward communication

Five types of information communicated upward in a school organization are as follows (Canary, 2011).

1. ***Problems and exceptions.*** These messages describe serious problems and exceptions to routine performance in order to make the leader aware of difficulties.
2. ***Suggestions for improvement.*** These messages are ideas for improving task-related procedures to increase the quality or efficiency of organization members.
3. ***Performance reports.*** These messages include periodic reports that inform the leader how individual organization members and departments are performing.
4. ***Grievances and disputes.*** These messages are employee complaints and conflicts that travel up the school organization hierarchy for a hearing and possible resolution. If the grievance procedure is backed up by the presence of a collective bargaining agreement, organization members are even more encouraged to express true feelings.
5. ***Financial and accounting information.*** These messages pertain to costs, accounts receivable, interest on investments, tax levies, and other matters of interest to the board, central administration, and building-level administrators.

Ideally, the organizational structure should provide for both upward and downward communication flows. Communication should travel in both directions through the formal school organization hierarchy. Unfortunately, communication from the bottom does not flow as freely as communication from the top.

### 3.3 Barriers to effective upward communication

Some barriers to effective upward communication in a school are as follows (Cheney, 2011).

1. Administrators fail to respond when staff members bring up information or problems. Failure to respond will ultimately result in no communication.
2. Administrators tend to be defensive about less-than-perfect actions. When staff members see this defensiveness, information will be withheld.
3. The administrator's attitude plays a critical role in the upward communication flow. If the administrator is really concerned and really listens, then upward communication improves.
4. Physical barriers can also inhibit upward communication flow. Separating an administrator from her staff members creates common problems.
5. Time lags between the communication and the action can inhibit upward communication. If it takes months for the various levels of administration to approve a staff member's suggestion, upward communication is hindered.

### 3.4 Methods of improving the effectiveness of upward communication

The following are some methods of improving the effectiveness of upward communication in a school organization (Keyton, 2011):

1. ***The open-door policy.*** Taken literally, this means that the administrator's door is always open to staff members. It is an invitation for staff to come in and talk about any problem they may have. In practice, the open-door policy is seldom used. The administrator may say: "My door is always open," but in many cases both the staff member and the administrator know the door is really closed. Typically, this does not occur in a learning organization (Reason, 2010; Senge, 2006).
2. ***Counselling, attitude questionnaires, and exit interviews.*** The leader can greatly facilitate upward communication by conducting non-directive, confidential counselling sessions; periodically administering attitude surveys; and holding exit interviews for those who leave the organization. Much valuable information can be gained from these forms of communication.
3. ***Participative techniques.*** Group decision making can generate a great deal of upward communication. This may be accomplished by the use of union-management committees, quality circles, suggestion boxes, site-based councils, and the like.
4. ***The ombudsperson.*** The use of an ombudsperson has been utilized primarily in Europe and Canada to provide an outlet for persons who have been treated unfairly or in a depersonalized manner by large, bureaucratic government (Hyson, 2010; International Ombudsman Institute, 2009; Kucsko-Stadlmayer, 2009). More recently, it has gained popularity in American state governments, the military, universities, and some business firms. Xerox Corporation inaugurated the position in 1972, and General Electric followed shortly thereafter (Malik, 2010). If developed and maintained properly, it may work where the open-door policy has failed.
5. ***The union contract.*** A prime objective of the union is to convey to administration the feelings and demands of various employee groups. Collective bargaining sessions constitute a legal channel of communication for any aspect of employer-employee relations. A typical provision of every union contract is the grievance procedure. It is a mechanism for appeal beyond the authority of the immediate supervisor.
6. ***The grapevine.*** Although leaders may be reluctant to use the grapevine, they should always listen to it. The grapevine is a natural phenomenon that serves as a means of emotional release for staff members and provides the administrator with significant information concerning the attitudes and feelings of staff members.

In short, the upward flow of communication in a school organization is intended to provide channels for the feedback of information up the school hierarchy. Some deterrents may prevent a good return flow, but there are ways to promote more effective administrator-staff communications.

### 3.5 Horizontal Communication

Upward and downward communication flows generally follow the formal hierarchy within the school organization. However, greater size and complexity of organizations increase the need for

communication laterally or diagonally across the lines of the formal chain of command. This is referred to as *horizontal communication*. These communications are informational too, but in a different way than downward and upward communication. Here information is basically for coordination — to tie together activities within or across departments on a single school campus or within divisions in a school-wide organizational system. Horizontal communication falls into one of three categories (Canary, 2011).

1. ***Intradepartmental problem solving.*** These messages take place between members of the same department in a school or division in a school-wide organizational system and concern task accomplishment.

2. ***Interdepartmental coordination.*** Interdepartmental messages facilitate the accomplishment of joint projects or tasks in a school or divisions in a school-wide organizational system.

3. ***Staff advice to line departments.*** These messages often go from specialists in academic areas, finance, or computer service to campus-level administrators seeking help in these areas.

In brief, horizontal communication flows exist to enhance coordination. This horizontal channel permits a lateral or diagonal flow of messages, enabling units to work with other units without having to follow rigidly up and down channels. Many school organizations build in horizontal communications in the form of task forces, committees, liaison personnel, or matrix structures to facilitate coordination.

*External communication* flows between employees inside the organization and with a variety of stakeholders outside the organization. External stakeholders include other administrators external to the organization, parents, government officials, community residents, and so forth. Many organizations create formal departments, such as a public relations office, to coordinate their external communications.

#### **4.0 Conclusion**

Organizational structure influences communication patterns within an organization. Communications flow in three directions—downward, upward, and horizontally. Downward communication consists of policies, rules, and procedures that flow from top administration to lower levels. Upward communication consists of the flow of performance reports, grievances, and other information from lower to higher levels. Horizontal communication is essentially coordinative and occurs between departments or divisions on the same level. External communication flows between employees inside the organization and a variety of stakeholders outside the organization.

#### **5.0 Summary**

We have seen that the term organizational structure refers to the formally prescribed pattern of relationships existing between various units of an organization. We also saw that the structure of an organization should provide for communication in three distinct directions: downward, upward, and horizontal. These three directions establish the framework within which communication in an organization takes place.

## ANSWER TO SELF ASSESSMENT EXERCISE

The three distinct directions in which the communication the structure of organization should provide for are:

1. Downward communication
2. Upward communication and
3. Horizontal communication

## 6.0 TUTOR MARKRD ASSIGNMENT (TMA)

Explain the barriers to effective organizational communication

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## **Module 4**

### **UNIT 1**

### **STRUCTURE AND SYSTEM**

#### **Contents**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Cost
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- 3.3 Components of Organisation Structure
- 3.4 Dimensions of Organisation Structure
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- 5.0 Summary
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#### **1.0 Introduction**

Structure is the arrangement by which various organisational activities are divided up, and how efforts are coordinated. Structure is pivotal between task and process. An organisation needs to be appropriately structured for the circumstances in which it finds itself and – particularly – the tasks it has decided to carry out. It follows, therefore, that strategy should be determined first, followed by the organisational structure.

In an organisation, a number of activities are performed. These activities are required to be coordinated. Organisation structure is designed for division of tasks, grouping of activities and coordinating and controlling the tasks of the organisation. The detailed study of all components and dimensions of organisational structure is required for creation of efficient and stable structure.

#### **2.0 Objectives**

After studying this unit, you should be able to:

- discuss the concept of organisation structure;
- Significance of organization Structure
- explain the components of organisation structure;
- analyse the dimensions of organisation structure;
- discuss organizational effectiveness

### **3.0 Main Cost**

#### **3.1 Concept of Organisation Structure**

Organisation structure may be defined as the established pattern of relationships among the components of the organisation. Organisation structure in this sense refers to the network of relationships among individuals and positions in an organisation. Jennifer and Gareth have defined organisation structure as the formal system of task and reporting relationships that controls, coordinates and motivates employees so that they cooperate and work together to achieve an organisation's goals. In fact organisation structure describes the organisation framework. Just as human beings have skeletons that define their parameters, organisations have structures that define theirs. It is like the architectural plan of a building. Just as the architect considers various factors like cost, space, special features needed etc. while designing a good structure, the managers too must look into factors like benefits of specialisation, communication problems, problems in creating authority levels etc., before designing the organisation structure. The manager determines the work activities to get the job done, writes job descriptions, and organises people into groups and assigns them to superiors. He fixes goals and deadlines and establishes standards of performance. Operations are controlled through a reporting system. The whole structure takes the shape of a pyramid. The structural organisation implies the following things:

- The formal relationships with well-defined duties and responsibilities
- The hierarchical relationships between superior and subordinates within the organisation;
- The tasks or activities assigned to different persons and the departments;
- Coordination of the various tasks and activities;
- A set of policies, procedures, standards and methods of evaluation of performance which are formulated to guide the people and their activities.

The arrangement which is deliberately planned is the formal structure of organisation. But the actual operations and behaviour of people are not always governed by the formal structure of relations. Thus, the formal arrangement is often modified by social and psychological forces and the operating structure provides the basis of the organisation.

### 3.2 Significance of organisation structure

The organisation structure contributes to the efficient functioning of organisation in the following ways.

**Clear-cut Authority Relationships:** Organisation structure allocates authority and responsibility. It specifies who is to direct whom and who is accountable for what results. The structure helps an organisation member to know what is his role and how does it relate to other roles.

**Pattern of Communication:** Organisation structure provides the patterns of communication and coordination. By grouping activities and people, structure facilitates communication between people centred on their job activities. People who have joint problems to solve often need to share information.

**Location of Decision Centres:** Organisation structure determines the location of centres of decision making in the organisation. A departmental store, for instance may follow a structure that leaves pricing, sales promotion and other matters largely up to individual departments to ensure that various departmental conditions are considered.

**Proper Balancing:** Organisation structure creates the proper balance and emphasizes on coordination of group activities. Those more critical aspect for the success of the enterprise may be given higher priority in the organisation. Research in a pharmaceutical company, for instance, might be singled out for reporting to the general manager or the managing director of the company. Activities of comparable importance might be given, roughly equal levels in the structure to give them equal emphasis.

**Stimulating Creativity:** Sound organisation structure stimulates creative thinking and initiative among organisational members by providing well defined patterns of authority. Everybody knows the area where he specialises and where his efforts will be appreciated.

**Encouraging Growth:** An organisation structure provides the framework within which an enterprise functions. If it is flexible, it will help in meeting challenges and creating opportunities for growth. A sound organisation structure facilitates growth of the enterprise by increasing its capacity to handle increased level of activity.

**Making use of Technological Improvements:** A sound organisation structure which is adaptable to change can make the best possible use of latest technology. It will modify the



existing pattern of authority- responsibility relationships in the wake of technological improvements.

In short, existence of good organisation structure is essential for better management. Properly designed organisation can help in improving team work and productivity by providing a framework within which the people can work together most effectively. Therefore, an organisation structure should be developed according to the needs of the people in the organisation.

### **3.3 Components of organisation structure**

Organisation structures influence the division of the tasks, grouping of activities, coordinating the activities and the overall accomplishment of the tasks. Since organisation structure relates to relatively stable relationship and process of the organisation, all influencing factors must be analysed for designing the organisation structure.

According to Robbins organisation structure stipulates how tasks are to be allocated, who reports to whom, and the formal coordinating mechanisms and interaction patterns that will be followed.

John Ivancevich and Michael Matteson have also expressed the same view and advocated that manager are required to take following four decisions for designing organisational structure:

- Divisions of overall task into smaller jobs
- Distribution of authority among the jobs.
- Bases by which the individual jobs are to be grouped together; and
- The appropriate size of group reporting to each superior.

Let us discuss each of them in detail.

#### **Division of Labour**

Adam Smith emphasized on the division of labour in his celebrated work, Wealth of Nation. In the early twentieth century, Henry Ford used assembly line operations for manufacturing automobiles. He assigned a specific repetitive task to each worker. The whole tasks were broken into number of smaller steps or activities. Each step was required to be completed by separate individual. Thus, the individual attained specialisation in performing that particular activity. The manufacturing sector has been using the work specialisation extensively all over the world. The

division of labour which results in work specialization provide following benefits to the organisation.

- The performance of specialised job enhances the work efficiency. Hence, the employees skills can be used in the most efficient way.
- Since the work cycles of the job are very short, the workers can attain perfection on that job quickly.
- It enhances productivity in the organisation.
- The workers can be trained easily to perform the repetitive work.
- The training costs are reduced.
- It is easier to match workers with the specific job skills.

Despite these benefits, the division of labour has been criticized on the following ground.

- It cannot be used for all types of jobs.
- It may lead to monotony and boredom.
- It focuses on physical performance of the job and underestimates the behavioural aspects of the workers.

The positive features of division of labour overshadow the negative features. Hence, the work specialization has been widely used as an important means for enhancing productivity in the organisation.

### **Delegation of Authority**

Delegation is the process that a manager follows in dividing the work assigned to him so that he performs that part, which because of his position he can perform effectively. Delegation is legitimate authorisation to a manager or employee to act in specified ways. It enables him to function independently without reference to the supervisor but within the limits set by the supervisor and the normal framework of organisational objectives, policies, rules and procedures. Thus, delegation involves : a) entrustment of work to another for performance, b) grant of power, right or authority to be exercised to perform the work, c) creation of an obligation on the part of the person accepting delegation.

Delegation of authority is one of the most important element in the process of organisation. Organisations are characterised by a network of activities and roles. Delegation is the process

through which the interrelationships are created among individuals in their different roles in the organisation.

Delegation is necessary because it is physically impossible for a single man to look after the

affairs of a large organisation. The success of a manager lies in his ability to multiply himself through other people. The organisations of today are not only large but also complex in character. No manager can claim to have all the skills and expertise to perform all the diverse kinds of jobs. Again, large scale business activities are not confined to one place. It may have several branches and units at several places. Delegation becomes a necessity for running these branches.

An organisation is continuity. Managers may go and come but the organisation continues. Delegation provides continuity of operations in the organisation. The process of delegation helps managerial development in an organisation.

Thus, a delegation is important for any organisation because it reduces the burden of the managers and leaves him free to look after important matters of the organisation. It is a method by which subordinates can be developed and trained to take up higher responsibilities. It provides continuity to the organisation and creates a healthy organisational climate by creating better understanding among the employees.

The major benefits of delegation are:

- Delegation leads to professionalism.
- Managerial decisions may involve creativeness and innovativeness.
- The competitive environment may be created in the organisation.
- The managers may take quick decisions.

The limitations of delegation of authority are:

- The managers may resist to delegate authority.
- The managers may require training for taking decisions and the costs of training may be higher.
- Every person may not be able to take high level of decision in the effective way.
- The administrative costs may also increase.

Despite these limitations, delegation of authority enhances efficiency in the organisation.

## **Departmentation**

The division of labour divides the jobs into smaller activities. In order to coordinate these activities, they are grouped together. The basis by which these activities are grouped together are known as departmentalisation.

It may be defined as the process of forming departments or grouping activities of an organisation into a number of separate units for the purpose of efficient functioning. This term vary a great deal between different organisations. For example, in business undertaking, terms are division, department and section; in Government these are called branch, department and section; in military, regiment, battallion groups and company.

The impact of departmentation is a delineation of executive responsibilities and a grouping of operating activities. Every level in the hierarchy below the apex is departmentalised and each succeeding lower level involves further departmental differentiation.

The major benefits of departmentalisation are:

**Specialisation:** Departmentation leads to the benefits of specialisation as various organisational activities are grouped according to their relation with the specific functions or objectives. Every departmental manager specialises in the tasks assigned to him.

**Administrative control:** Departmentation helps in effective managerial control because the standards of performance for each and every department can be laid down precisely. Every department has a specific objective. This also facilitates keeping expenditure within limits.

**Fixation of responsibility:** Since organisation work is divided into manageable units, and authority and responsibility are precisely defined, it is easier to fix the accountability of different managers for the performance of various tasks.

**Freedom or autonomy:** The departments created through departmentation are semi-autonomous units. Their heads are given a sufficient degree of authority to run their departments. This increases the efficiency of the departments.

**Development of managers:** Departmentation helps in the development of managerial personnel by providing them opportunities to take independent decisions and initiative. The executives can develop themselves for promotion to higher jobs.

## **Span of Control**

The departmentation reflects the types of jobs which are grouped together. Different persons are involved in performing these jobs. They are required to be supervised closely. Span of control refers to the number of individuals a manager can effectively supervise. Thus, it is expected that the span of control, that is, the number of subordinates directly reporting to a superior should be limited so as to make supervision and control effective. This is because executives have limited time and ability.

It is sometimes suggested that the span of control should neither be too wide nor too narrow. In other words, the number of subordinates should not be too large or too small. The number of subordinates cannot be easily determined because the nature of jobs and capacity of individuals vary from one organisation to another. Moreover, the actual span of supervision affects the organisation in different ways. A wide span results in fewer levels of supervision and facilitates communication. It permits only general supervision due to the limited availability of time. Narrow span, on the other hand, requires multiple levels of supervision and hence longer time for communication. It is more expensive and complicates the process of communication. A narrow span, however enables managers to exercise close supervision and control. Although there are certain limits to the span of control, the tendency in recent years has been to avoid specifying absolute number because it has been recognised that the ideal span depends on a number of

factors. Some of the important factors are discussed below:

**Nature of the Work:** If the work is simple and repetitive, the span of control can be wider.

However, if the work requires close supervision the span of control must be narrow.

**Ability of the Manager:** Some managers are more capable of supervising large number of people than others. Thus for a manager who possesses qualities of leadership, decision-making ability and communication skill in greater degree the span of control may be wider.

**Efficiency of the Organisation:** Organisations with efficient working systems and competent personnel can have larger span of control.

**Staff Assistants:** When staff assistants are employed, contact between supervisors and subordinates can be reduced and the span broadened.

**Time Available for Supervision:** The span of control should be narrowed at the higher levels because top managers have less time available for supervision. They have to devote the major part of their work time in planning, organising, directing and controlling.

**Ability of the Subordinates:** Fresh entrants to jobs take more of a supervisor's time than trained persons who have acquired experience in the job. Subordinates who have good judgement, initiative, and a sense of obligation seek less guidance from the supervisor.

**Degree of Decentralisation:** An executive who personally takes many decisions is able to supervise fewer people than an executive who merely provides encouragement and occasional direction. It should be clear that the size of the span of control is related to numerous variables, and no single limit is likely to apply in all cases. A variety of factors can influence the resulting number of employees comprising the optimum span of control in any particular organisation. The span of control also influences the creation of tall and flat structure. Let us learn the concept of tall and flat structure.

### **Tall and Flat Structure**

A tall organisational structure would have many hierarchical levels. There is a long distance between the top most manager and the bottom most manager. There are large number of job titles and a career path to the employee. Fewer number of subordinates a particular manager is required to guide, the organisational structure would be taller. Contrarily, a flat structure would have wide span of management. The number of hierarchy would be less. Larger the number of subordinates a particular manager is required to guide the organisational structure would be flatter. Choosing an appropriate span of management is important for two reasons. First, it affects efficiency. Too wide a span may mean that managers are over extended and subordinates are receiving too little guidance or control. When this happens, managers may be pressured to ignore or condone serious errors. In contrast, too narrow a span may mean that managers are underutilized.

Thus, the extent of division of work, the nature of delegation of authority, the process of departmentation and the requirement of effective supervision i.e., span of control influence the designing of organisation structure.

### **3.4 Dimensions of organisation structure**

Robins has identified three dimensions of organisation structure, i.e., formalization, centralisation and complexity. Let us learn them briefly.

**Formalization:** It refers to the extent to which the activities, rules, procedures, instructions, etc. are specified and written. This primarily means that the degree to which the activities of the organisation are standardised. High division of labour i.e., specialisation, high level of delegation of authority, high degree of departmentation and wide span of control lead to high degree of formalization. The major benefits of formalization are as follow :

- Standardised activities reduce the variability in the organisation.
- It promotes coordination. All activities are defined and specified which facilitate the process of coordination.
- There is least scope of discretion. The decision is taken on the basis of standard rules and procedures; hence the scope of personal discretion is reduced.
- Operating costs are reduced.
- The standard activities reduce the conflict and ambiguity.

Formalization is criticised on the following ground:

- It prevents creativity and flexibility in the organisation.
- It may be difficult for the organisation to change the rules.
- The formulation and implementation of new rules may face great resistance by the employees.

Despite these limitations formalization has been widely used in the organisation. The formalized structure helps in smooth functioning of the organisation. Well defined jobs and relationships enhance the efficiency of the organisation.

**Centralisation:** There are some organisations, where top management makes all the decisions and middle and lower level managers merely implement the decisions taken by the top management. At the other extreme, there are some organisations in which decisions are made at all levels of management. The first case fits into the centralised structure where as the second one is highly decentralised. One of the fourteen principles of Henry Fayol happens to be centralisation. According to him, decreasing the role of subordinates in decision-making is centralisation; increasing their role is decentralisation. Fayol believed that managers should retain final responsibility but at the same time give their subordinates enough authority to do their jobs properly. The problem is to find the proper degree of centralisation in each case. Thus, centralisation refers to the degree to which decision making is centralised in the organisation.

In centralisation little delegation of authority is the rule; power and discretion are concentrated in a few executives. Control and decision-making reside at the top levels of management. However, absolute centralisation is untenable because it would mean that subordinates have no duties, power or authority. Centralisation may be essential in small organisation to survive in a highly competitive world. But as the organisation becomes more complex in terms of increasing size, interdependence of work-flow, complexity of tasks and spatial physical barriers within and among groups, a function requisite for efficiency is to move decision-making centres to the operating level. Thus, the larger the size of an organisation, the more urgent is the need for decentralisation. This does not mean that decentralisation is good and centralisation is bad. On the other hand, decentralisation is the systematic effort to delegate to the lowest levels all authority except that which can be exercised at central points. It is the pushing down of authority and power of decision-making to the lower levels of organisation. The centres of decision-making are dispersed throughout the organisation. The essence of decentralisation is the transference of authority from a higher level to a lower level. It is a fundamental principles of democratic management where each individual is respected for his inherent worth and constitution.

As you know, decentralisation is a correlate of delegation; to the extent that authority is not delegated, it is centralised. Absolute centralisation decreases the role of subordinate managers which in turn encourages decentralisation. Absolute decentralisation is also not possible because managers cannot delegate all their authority.

**Complexity:** It refers to the differences among the jobs and units. It reflects the degree of differentiation existing within the organisation. A variety of jobs and units create more complex organisation structure. The management of complex structure may be difficult. Based on the complexity of activities, there may be horizontal differentiation, vertical differentiation and spatial differentiation. Let us learn them briefly. Horizontal differentiation refers to the number of different units at the same level. This means if the number of activities which require more specialised skills, the organisation will tend to be more complex. Specialisation and departmentation are good examples of such differentiation. Another differentiation i.e., vertical differentiation refers to the number of levels in the organisation. It reflects the depth of the hierarchy in the organisation. This means that increase in hierarchical level enhances complexity in the organisation.



In such organisation, coordination and communication become difficult. The process of interaction is influenced by span of control which determines the number of persons effectively supervised by a manager. In the wide span, the managers have more persons to be supervised and in the narrow span they have fewer people to be supervised. The supervision depends on number of other factors as well. The third types of differentiation i.e., spatial differentiation refers to the degree to which location of units and the personnel are dispersed. As you must be aware that these days activities of the organisation are located in different areas. The multiple location increases the complexity of the organisation. Coordination and interaction also become difficult in such organisation.

An increase in above types of differentiation may lead to increase in complexity in the organisation. Thus, the complexity of the organisation determines the amount of coordination, communication and control. John Inancevich and Michael Matteson have analysed that the high formalization reflects high specialisation, delegated authority, functional departments and wide span of control. The high centralisation reflects the high specialisation, centralised authority, functional departments and wide span of control. The high complexity reflects high specialisation, delegated authority, territorial, customer and product departments and narrow spans of control. The low formalization, centralisation and complexity reflect the opposite characteristics.

### **3.5 Organizational effectiveness**

The term Organizational Effectiveness is often used interchangeably with organization development especially when used as the name of a department or a part human resources function within an organization. Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. The idea of organizational effectiveness is especially important for non-profit organizations as most people who donate money to nonprofit organizations and charities are interested in knowing whether the organization is effective in accomplishing its goals.

However, scholars of nonprofit organizational effectiveness acknowledge that the concept has multiple dimensions and multiple definitions. For example, while most nonprofit leaders define organizational effectiveness as 'outcome accountability,' or the extent to which an organization achieves specified levels of progress toward its own goals, a minority of nonprofit leaders define

effectiveness as 'overhead minimization,' or the minimization of fundraising and administrative costs.

According to Richard et al. (2009) organizational effectiveness captures organizational performance plus the myriad internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility.

An organization's effectiveness is also dependent on its communicative competence and ethics.

The relationship between these three are simultaneous. Ethics is a foundation found within organizational effectiveness. An organization must exemplify respect, honesty, integrity and equity to allow communicative competence with the participating members. Along with ethics and communicative competence, members in that particular group can finally achieve their intended goals.

Foundations and other sources of grants and other types of funds are interested in organizational effectiveness of those people who seek funds from the foundations. Foundations always have more requests for funds or funding proposals and treat funding as an investment using the same care as a venture capitalist would in picking a company in which to invest.

Organizational effectiveness is an abstract concept and is difficult for many organizations to directly measure. Instead of measuring organizational effectiveness directly, the organization selects proxy measures to represent effectiveness. Proxy measures may include such things as number of people served, types and sizes of population segments served, and the demand within those segments for the services the organization supplies.

For instance, a non-profit organization which supplies meals to house bound people may collect statistics such as the number of meals cooked and served, the number of volunteers delivering meals, the turnover and retention rates of volunteers, the demographics of the people served, the turnover and retention of consumers, the number of requests for meals turned down due to lack of capacity (amount of food, capacity of meal preparation facilities, and number of delivery volunteers), and amount of wastage. Since the organization has as its goal the preparation of meals and the delivery of those meals to house bound people, it measures its organizational effectiveness by trying to determine what actual activities the people in the organization do in order to generate the outcomes the organization wants to create.

#### **4.0 Conclusion**

Among the factors of powerful leadership, factors of globalization issues and vision, mission and strategies are likely to play a moderate role and leadership dynamism a significant role.

However, it finally turns out, that no amount of strength and driving force of leadership is to produce an effect without a strong performance culture backed and supported by powerful work systems.

#### **5.0 Summary**

Students should be able to understand concept of organisation structure; Significance and component of organization Structure; and analyse the dimensions of organisation structure.

#### **6.0 Tutor Marked Assignment**

- \* What is Culture?
- \* Discuss organizational Culture
- \* Differentiate between Significance and component of organization Structure

#### **7.0 References and further readings**

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## **UNIT 2:                    NEED FOR STRUCTURE**

### **Contents**

- 1.0 Introduction
- 2.0 Objectives
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- 3.1 Need for Structure
- 3.2 Internal and External factors that affect an Organisation
- 3.3 Developing an effective organisation structure
  - 3.3.1 Advantages of effective organizational structure
  - 3.3.2 Disadvantages of effective organizational structure
- 3.4 Roles of people in an organisation
- 3.5 Signs & Symptoms of the Lack of Coordination in an Organization
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References and Further Readings

### **1.0 Introduction**

Organizations need structuring so that lines of authority along with individual duties and responsibilities can be understood by every company member. There are, however, additional ways that these structures optimize the operation.

There are many negative consequences of structural deficiencies including: -

- Low morale – people not knowing what's expected of them and lacking responsibility and autonomy.
- Excessive meetings.
- Late and inappropriate decisions.
- Conflict and departmental divisions.

- Lack of coordination.
- Inadequate response to changing circumstances.
- Rising costs.

Larger organisations can devolve quite a bit of responsibility, given an appropriate structure, broad strategic and policy orientation, guidelines for good practice in service delivery and budgetary controls. A small organisation is unlikely to develop the same level of budgetary and reporting systems and controls as a larger one and nor indeed is this necessary.

## **2.0 Objectives**

After studying this unit, you should be able to:

- discuss the Need for structure;
- explain the Internal and External factors that affect an Organisation,
- Developing an effective organisation structure,
- Advantages and disadvantages of effective organization structure

## **3.0 MAIN COST**

### **3.1 Need for structure**

Structure helps people in the organisation to work together effectively. The more effective the structure, the more effective the working relations between people and departments. Structure underpins how power and accountability, internal and external, operate within the organisation: it determines how responsibilities are allocated and enables effective participation.

Any organisation needs defined responsibilities, communication channels, agreed procedures etc.

There is no ideal structure, just various options from which to choose the most appropriate. The most obvious divisions are departmental or functional groupings. Structure should indicate the pattern of reporting relationships. It can be captured in an organisational chart. Indeed, if it cannot easily be captured in such a chart, or if there are too many complexities or crossed lines in this, then the structure is too unclear to be workable in practice.

### **3.2 Internal and external factors that affect an organisation**

Successful small-business owners keep track of all the factors that can have an impact on their business. They know when to sweat the small stuff without taking their eyes off the big picture, and they understand that all kinds of circumstances can change the all-important bottom line. Knowing the internal and external factors that affect an organization gives a small-business owner the intelligence he needs to sort out the company's priorities and make strategic plans for the future.

#### **Internal Factors**

Some of the forces impacting your small business are more challenging to master than others. The degree to which you can control them varies. At the same time, you can improve the state of internal and external factors effecting your small business; you can't make the economy grow, but you can encourage spending. Understanding the factors at work better equips you to prepare for them. The best thing about internal factors is that you can control many of them. Some factors, such as your business's reputation, image and creditworthiness, are a result of the way you run your business. Other factors, such as your organization's management structure and staffing and the physical decor of your business, are based on your business decisions, and you can change them as you see fit. Changing internal factors usually involves some indirect costs, such as lost productivity while new employees are trained, some direct costs, such as a penalty for terminating a lease before it expires, or some combination of the two.

#### **External Factor**

External factors are all those things that are beyond your control. Tight lending conditions, government regulations and competition are some of the external factors that affect virtually every small business. Strategic planners anticipate and manage some of the circumstances that affect their business. Exploring alternative financing sources until lending restrictions ease, developing plans for compliance with regulations and enhancing innovation and service to stay ahead of the competition are forward-thinking ways to keep external factors from threatening the survival of your business.

## **Prioritization**

There are many different ways to prioritize and manage the issues that affect your business. Making a traditional list of pros and cons or conducting a simple return-on-investment analysis can add clarity to virtually any business decision. Sorting factors according to how severely each factor will impact your organization and how likely each factor is to take place can help you discern which factors need your immediate attention and which ones can simmer on the back burner for a while.

## **Review**

Regularly reviewing the factors that affect your small business is the best way to guard against a catastrophe such as a new regulation that you are not prepared to comply with. A formal monthly or quarterly review of your internal operations will help you discern subtle trends and issues that you need to address. Trade publications, blogs and newsletters are some of the resources that can help you keep informed about the external factors that affect your business. Reviewing this information will help maintain your awareness of critical factors and help ensure that your priorities remain sound so you can adjust your business plans as needed for your continued success.

### **3.3 Developing an effective organisational structure**

To fulfil its mission effectively, a business needs to operate within a structure best suited to its purposes. Traditionally large businesses divide the organisation up into functional areas. Syngenta's functions include research and development, global supply (including manufacturing), human resources (HR), sales and marketing, finance, and Information Systems (IS).

Within any organisation there are likely to be several layers of authority. The number of levels depends upon whether the business has a hierarchical or flat structure. A hierarchical structure has many layers of management, each with a narrow span of control. Instructions feed downwards from one level of management to those below. Feedback comes from the lower levels upwards. The reporting system from the top of the hierarchy to the bottom is known as the chain of command. A hierarchical structure enables tight control. It offers clear opportunities for promotion and may reduce stress levels in both managers and employees. Everybody knows their place in the hierarchy.

However, communication can be a problem in hierarchical organisations. Without effective management, it can take a long time for information to pass up and down the chain of command.

Staff may not be fully empowered. Rather than being able to use their initiative, employees may need to seek approval for every action from higher levels of managements. This not only can cause delay but also be bad for employee morale, reducing their motivation to work.

A flat line structure is one where there are few layers of management. Each manager has a wide span of control. This means a manager has responsibility for many people or tasks. Delegation is necessary for tasks to be carried out effectively. This structure gives employees more responsibility for their work. Communication is also faster up and down the layers. This enables problems to be solved more quickly.

### **3.3.1 Advantages of Effective Organizational Structures**

An organization structure is the manner in which subunits in organizations are inter-related and grouped. An organizational structure specifies how subordinates report to their superiors. This enhances coordination in the activities of the members of the group. There are various organization structures which include line, functional, product and matrix organizational structures. A major advantage of an effective organizational structure is that it reduces conflict between employees regarding who is to carry out certain jobs in the organization.

**Facilitates Specialization:** Organizational structure facilitates division of work since each boss has specialized knowledge on his field of work. He has better and accurate knowledge to guide his subordinates. The supervisor's task is to ensure that his department performs its best, regardless of whether other units are performing as well. The supervisor should also help his subordinates perform to their best in that area of specialization.

**Control over Resources:** Organizational structures simplify control over resources because these resources can be rationed and allotted to the various units. These resources should be used to their most productive uses at that level. Since resources are very scarce, they should be utilized effectively by eliminating unnecessary wastage. This can only be done if an organizational structure is clearly defined and there is control of employees through an effective organizational structure.

**Easier Communication:** Organizational structures clearly state who reports to whom. A subordinate cannot report directly to the manager before communicating with his immediate



supervisor. This simplifies the work of executive employees so that they are not overwhelmed by the activities of the firm. Flow of information is controlled so that employees do not take advantage of insider information that may expose confidential information critical for the firm's survival.

**Better Employee Performance:** Organizational structures clearly show various jobs to be performed by employees and which supervisor will manage them. The supervisor trains them out of his own experience or from the rules of the organization and helps they become better performers. Supervisors punish and reward where necessary and this helps the employees learn from their own experiences and also from their supervisors. In a way, these supervisors are role models to their subordinates.

### **3.3.2 Disadvantages of Effective Organizational Structures**

**Departmentalization:** Staff does not always know the case of the client in detail, other organizations may not always talk to the same person, and very specific job knowledge is required, hard to find a fill in for positions.

**Matrix Organizations:** Employees are harder to manage due to independence, could increase expenses, more employees needed, lack of loyalty to position, constant team work needed.

**The Project Team:** Who is in charge may create conflict, lack of consideration for others, lack of accountability, lack of job focus.

**The collegial model:** Lack of accountability, lack of authority.

## **3.4 ROLES OF PEOPLE IN AN ORGANISATION**

Directors, Managers and Supervisors all have responsibilities in the workplace as do grass root operatives. Directors are individuals with legal responsibility to the businesses, customers, employees, suppliers and shareholders.

### **Directors**

The Directors typically create the business plans. Directors sit on the board because they have specialist expertise in a particular line of business, or because they have generalist experience, or sometimes more importantly, good contacts.

### **The Managing director**

The Managing Director is the figurehead of the organisation.

Managers have the job of organising and controlling resources. Their work is often described as 'getting things done with or through people'.

### **Senior managers**

Senior Managers make top level decisions concerning where an organisation operates and what it makes or does. These decisions require detailed analysis and skilled judgement.

### **Middle managers**

Middle Managers organise and control the resource of an organisation within established guidelines.

### **Junior/supervisory management**

Junior/supervisory management is usually concerned with short-term supervisory activities - making sure that orders get out on time, making sure that people and resources are where they should be, etc.

### **Supervisors**

Supervisors are quite often the backbone of the organisation. They are people who know how things should be done at 'ground level'. They work with managers to put plans into action at operational level. They manage day-to-day resources including the supervision of staff.

### **Operatives**

Operatives are at the ground level but their work is still very important. It needs to be carried out with care and precision. In a supermarket the operatives will include the shelf stackers, and checkout operatives.

The formal roles of members of an organisation will usually be set out in an organisational chart which sets out the span of control of the various levels of supervision. The informal roles that people play are less easy to map out but are also very important.

## **3.5 SIGNS & SYMPTOMS OF THE LACK OF COORDINATION IN AN ORGANIZATION**

A lack of coordination in an organization can decrease productivity, complicate processes and delay the completion of tasks. In order to coordinate the efforts of an entire organization, the organization requires a systematic integration of a process that creates accountability within the organization. Implementing this type of process allows interdepartmental coordination

throughout the organization between employees. Recognizing early signs and symptoms of not having coordination in an organization can help it prevent further damage.

### **Delay**

One of the signs that an organization lacks coordination is delay. When there is a lack of coordination between management, labor, production and sales, delays will result causing the organization to become ineffective. When delays become part of the operations of the organization, customer relations will suffer for the organization. Delays create unreliability and will alienate customers from the organization. By controlling and properly managing work in progress, the organization can work to prevent delays and resulting coordination problems.

### **Duplication**

Another sign of a lack of coordination within an organization is redundancy. With redundancy, an organization will spend double the effort, material and time to produce the same item twice. Redundancy typically results from a lack of coordination between various departments within the organization. By implementing control measures to reduce redundancies, an organization can work toward improving overall coordination within the organization.

### **Lost Data**

Organizations must effectively utilize information to function at an optimal level. When this information is not readily available as needed within the organization, the lack of information can create a cascading effect that will damage the organization. Lack of coordination creates gaps in the acquisition and distribution of information. This in turn makes the organization's available resources ineffective and causes it to miss opportunities. By implementing an accountability system for the information, the organization can improve coordination and minimize lost information.

### **Inflexibility**

When an organization does not support coordinated efforts, innovation and progress can become stagnant within it. This can make the organization obsolete and unable to compete against other organizations in the same industry that have adopted a coordinated effort to adapting new methods of producing and managing the organization. Inflexibility also freezes many protocols

that could have potentially become productive. This happens because there is not enough coordination to gauge the effectiveness of the new protocol.

#### **4.0 Conclusion**

The discussion has exposed you to the fact that organizational structure relates to pattern of relationships along positions in the organisation and among members of the organization, which defines tasks and responsibilities, work roles and relationships and channels of communication among organizational members. You have understood that essential factors are normally taken into consideration in designing organization structure. There are different types of structure and relationship in organization. Organizational structure is affected by technology as a critical aspect of the external environment.

#### **5.0 Summary**

This study unit has been used to discuss:

- The Need for Structure
- Internal and External factors that affect an Organisation
- Developing an effective organisation structure
- Roles of people in organisations
- Signs & Symptoms of the Lack of Coordination in an Organization

#### **6.0 Tutor marked assignment**

1. Discuss the advantages and disadvantages of effective organizational structures
2. Mention role of people in an organisation

#### **7.0 References and further readings**

- Atkinson, P. (1985). "The Impact of Information Technology and Office Automation on Administrative Management", *British Journal of Administrative Management*, vol. 35, no. 3.
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## **UNIT 3**

## **CHOICE OF STRUCTURE**

### **Contents**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Cost
  - 3.1 Choice of Structure
  - 3.2 Levels of Organisation Structure
  - 3.3 Dimensions of People – Organisation Relationship
    - 3.3.1 Clarification of Objectives
    - 3.3.2 Clarification of Tasks
    - 3.3.3 The Division of Work
  - 3.4 Forms of Relationship In Organization
  - 3.5 Types of Organisation Structure
    - 3.5.1 Line and Staff Organisation
    - 3.5.2 Functional Organization
    - 3.5.3 Project Organisation
    - 3.5.4 Matrix Organisation
  - 3.6 Common Features Of Organisations
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References and Further Readings

### **1.0 INTRODUCTION**

In firms of even modest size, interdependent decisions are allocated to distinct managers. One manager is given the right and responsibility to make production decisions, for instance, while another makes marketing choices despite the fact that production and marketing decisions affect one another.

One manager controls one product line while a second manager controls another, even though the two product lines may share a factory or a sales force. Formal organizational design is, at its

essence, a process of breaking interdependent decisions into bundles commonly known as jobs, assigning individuals to those jobs, and arranging some means to coordinate individual action.

## **2.0 Objectives**

After studying this unit, you should be able to:

- \* What you understand by choice of structure
- \* Discuss types of structure

## **3.0 MAIN COST**

### **3.1 Choice and Structure**

The choice of structure will depend on a number of factors including the organisation's culture, function and mission, its size, its budget and the personalities involved. The options range from a bureaucracy to a collective structure. It follows that structure should not be static, but should be reviewed to take account of important strategic changes. Upsizing and downsizing should also be strategic and measured, with impact upon strategy and thereby structure taken into account.. The need to have unity and consistency of values and purpose is common to all structures.

Different types of organisation will need different structures. An organisation that has a number of different core functions may find it advantageous to separate these functions, in order to enable the different cultures and approaches needed to operate. In particular, a professional manager could be employed to head up the service delivery arm, and a charismatic leader for the advocacy arm. Also, the service delivery arm could incorporate the necessary standards and controls without imposing these on the campaigns team to the detriment of creativity. However, there would need to be clear systems to achieve organisational coherence and maximum use of expertise through the organisation.

There is often a need for a strong functional approach in certain sectors of animal protection organisations such as: fundraising, human resources, accounting and IT (Information Technology). In all these functions, considerable expertise is needed, and a striving towards professionalism.

Where an organisation is not a single-issue group, the research and dissemination of issue-related expertise will be necessary. Whether to have separate issue-related departments will depend on the size of the organisation and its strategic focus. For example, a small campaigning group may

select one or two flagship campaigns and therefore not need issue-related departments. However, a large generalist international or national organisation would benefit from issue-related expertise, so departments based on issue would be more likely.

The number of people a manager can control varies according to many factors, including: the manager's temperaments, skills and abilities, the staff's temperament, skills and abilities, the nature and complexity of the work being undertaken, the time the manager has to be spend on strategy and planning as well as day-to-day supervision etc. Availability of procedures and precedents also has an impact.

A general rule is that, under ideal circumstances, no Chief Executive should have more than four to six departmental heads reporting directly to him/her. This may be more if the remit of each department head is small and the scope of their work fairly simple. Managers further down the chain of command can lead greater numbers of staff. Once again the optimum number will depend on the scope and complexity of the task. For example, whilst a single boss could effectively manage a large team (say 30+) of staff employed in simple and uniform data processing duties, a manager of consultants/project analysts carrying out complex duties should have far fewer staff reporting to him/her (maximum six to ten).

### **3.2 Levels of organisation structure**

According to Parsons (1980), organisations are structured in layers. This implies that the determination of policy and decision-making, the execution of work, and the exercise of authority and responsibility are carried out by different people at varying levels of seniority throughout the organisation structure. Therefore, it is possible to look at organisations in terms of interrelated levels in the hierarchical structure such as the technical level, the managerial level and the community level. These are discussed below.

#### **1. The Technical Level**

The technical level is concerned with specific operations and discrete tasks, with the actual job or tasks to be done, and with performance of the technical function. Examples are: the physical production of goods in a manufacturing firm; administrative processes giving direct service to the public in government departments; the actual process of teaching in an educational establishment.

## **2. The Managerial Level**

The technical level interrelates with the managerial level, or organisational level, which is concerned with the coordination and integration of work at the technical level. Decisions at the managerial level relate to the resources necessary for performance of the technical function, and to the beneficiaries of the products or services provided. Decisions will be concerned with:

- mediating between the organisation and its external environment, such as the users of the organisation's products or services, and the procurement of resources; and
- the 'administration' of the internal affairs of the organisation including the control of the operations of the technical function.

## **3. The Community Level**

In turn, the managerial level interrelates with the community level or institutional level, concerned with broad objectives and the work of the organisation as a whole. Decisions at the community level will be concerned with the selection of operations, and the development of the organisation in relation to external agencies and the wider social environment.

Examples of the community level within organisations are:

- the board of directors of joint stock companies;
- governing bodies of educational establishments which include external representatives; and
- trustees of non-profit organisations.

Such bodies provide a mediating link between the managerial organisation and coordination of work of the technical organisation, and the wider community interests. Control at the institutional level of the organisation may be exercised, for example, by legislation, codes of standards or good practice, trade or professional associations, political or governmental actions, and public interest.

In practice, all these levels are interrelated, and there is not a clear division between determination of policy and decision-making, coordination of activities and the actual execution of work. Most decisions are taken with reference to the execution of wider decisions, and most execution of work involves decision. Decisions taken at the institutional level determine objectives for the managerial level, and decisions at the managerial level set objectives for the



technical level. therefore if the oragnisation as a whole is to perform effectively, there must be clear objectives; a soundly designed structure; and good communication, both upwards and downwards, among the different levels of the organization (Mullins, 2000).

The managerial level, for example, would be unable to plan and supervise the execution of work of the technical function without the knowledge, expertise, practical know-how and enthusiasm of people who are closest to the actual tasks to be undertaken. People operating at the technical level should, therefore, make known to higher levels the practical difficulties and operational problems concerning their work. It is the duty of the managerial level to take appropriate action on this information, and to consult with people at the community or institutional level (Mullins, 2000).

### **3.3 DIMENSIONS OF PEOPLE – ORGANISATION RELATIONSHIP**

#### **3.3.1 Clarification of Objectives**

A clarity of objectives is necessary in order to provide a basis for the division of work and grouping of duties into sub-units. The objectives for these sub-units must be related to the objectives of the organisation as a whole in order that an appropriate pattern of structure can be established.

According to Mullins (2000), clearly stated and agreed objectives will provide a framework for the design of structure, and a suitable pattern of organisaiton to achieve those objectives. The nature of the organisation and its strategy will indicate the most appropriate organisational levels for different functions and activities, and the formal relationships between them. Clearly defined objectives will help facilitate systems of communication between different parts of the organisation and extent of decentralization and delegation. The formal structure should help make possible the attainment of objectives. It should assist in the performance of the essential functions of the organisation and the major activities which it needs to undertake.

#### **3.3.2 Clarification of Tasks**

According to Woodward (1980), tasks are the basic activities of the organisation which are related to the actual completion of the productive process and directed towards specific and definable end-results. To ensure the efficient achievement of overall objectives of the organisation, the results of the task functions must be coordinated.

There are four essential functions that the organisation must perform such as follow:

- (i) The good or service must be developed.
- (ii) Something of value must be created. In the case of the business organisation, this might be the production or manufacture of a product; in the case of the public sector organisation, the provision of a service.
- (iii) The product or services must be marketed. They must be distributed or made available to those who are to use them.
- (iv) Finance is needed in order to make available the resources used in the development, creation and distribution of the products or services provided.

There are other activities of the organisation, called element functions, which are not directed towards specific and definable ends but are supportive of the task functions and an intrinsic part of the management process. These include personnel, planning, management services, public relations, quality control and maintenance. In other organisations, noticeably in service industries, personnel can be seen as closely associated with a task function. But in the majority of organisations, the personnel function does not normally have any direct accountability for the performance of a specific end-task.

These two kinds of functions, task and element, differ in a number of ways and these differences have important implications for organisation. Failure to distinguish between the two types of functions can lead to confusion in the planning of structure and in the relationship between members of the organisation.

According to Woodward, for example, activities concerned with raising funds for the business, keeping accounts and determination of financial policy are task functions. But management accounting, concerned with prediction and control of production administration, is an element function, and is primarily a servicing and supportive one. Relationships between the accountants and other managers seemed better when the two functions were organizationally separate. This is the case especially in divisionalised organisation when each product division has its own accounting staff providing line managers with the necessary information to control their own departments.

### **3.3.3 The Division of Work**

According to Mullins (2000), work has to be divided among its members and different jobs related to each other within the formal structure of an organisation,. The division of work and the grouping together of people should, wherever possible, should be organized by reference to some common characteristic which forms a logical link between the activities involved. It is necessary to maintain a balance between an emphasis on subject matter or function at higher levels of the organisation, and specialisation and concern for staff at the operational level.

## **3.4 FORMS OF RELATIONSHIP IN ORGANIZATION**

Some formal relationships between individual positions will arise from the defined pattern of responsibilities in any organisation structure. These individual authority relationships may be identified as line, functional, staff or lateral.

The design of organisation structure in terms of the principle of line, functional, staff or lateral, determines the pattern of role relationships and interactions with other roles, discussed in the next unit.

### **(i) Line Relationships**

In line relationships, authority flows vertically down through the structure, for example, from the managing director to managers, section leaders, supervisors and other staff. There is a direct relationship between superior and subordinate, with each subordinate responsible to only one person. Line relationships are associated with functional or departmental division of work and organizational control. Line managers have authority and responsibility for all matters and activities within their own department.

### **(ii) Functional Relationships**

Functional relationships apply to the relationship between people in specialist or advisory positions, and line managers and their subordinates. The specialist offers a common service throughout all departments of the organisation, but has no direct authority over those who make use of the service. There is only an indirect relationship.

For example, the personnel manager has no authority over staff in other departments – this is the responsibility of the line manager. But, as the position and role of the personnel manager would have been sanctioned by top management, other staff might be expected to accept the advice which is given.

The personnel manager, however, could be assigned some direct, executive authority for certain specified responsibilities such as, for example, health and safety matters throughout the whole organisation. Note, however, that specialist in a functional relationship with other managers still have a line relationship with both their own superior and their own departmental subordinate staff.

### **(iii) Staff Relationships**

Staff relationships arise from the appointment of personal assistants to senior members of staff. Persons in a staff position normally have little or no direct authority in their own right but act as an extension of their superior and exercise only 'representative' authority. They often act in a 'gatekeeper' role. There is no direct relationship between the personal assistant and other staff except where delegated authority and responsibility have been given for some specific activity. In practice, however, personal assistants often do have some influence over other staff, especially those in the same department or grouping. This may be partially because of the close relationship between the personal assistant and the superior, and partially dependent upon the knowledge and experience of the assistant, and the strength of the assistant's own personality.

### **(iv) Lateral Relationships**

Lateral relationships exist between individuals in different departments or sections, especially individuals on the same level. these lateral relationships are based on contact and consultation and are necessary to maintain coordination and effective organisational performance. Lateral relationships may be specified formally, but in practice, they depend upon the cooperation of staff and in effect are a type of informal relationship.

## **3.2 TYPES OF ORGANISATION STRUCTURE**

### **1. Line and Staff Organisation**

An area of management which causes particular difficulty is the concept of line and staff.

As organisations develop in size and work becomes more complex, the range of activities and functions undertaken increases. People with specialist knowledge have to be integrated into the managerial structure. Line and staff organisation is concerned with different functions which are to be undertaken. It provides a means of making full use of specialists while maintaining the concept of line authority.

According to Mullins (2000), the concept of line and staff relationships presents a number of difficulties. With the increasing complexity of organisations and the rise of specialist services, it becomes harder to distinguish clearly between what is directly essential to the operation of the organisation, and what might be regarded only as an auxiliary function.

The distinction between a line manager and a staff manager is not absolute. There may be a fine division between offering professional advice and the giving of instructions. Friction inevitably seems to occur between line and staff managers. Neither side may fully understand nor appreciate the purpose and role of the other. Staff managers are often criticised for unnecessary interference in the work of the line manager and for being out of touch with practical realities.

Line managers may feel that the staff managers have an easier and less demanding job because they have no direct responsibility for producing a product or providing a service for the customer, and are free from day-to-day operational problems.

Furthermore, staff managers may feel that their own difficulties and work problems are not appreciated fully by the line manager. Staff managers often complain about resistance to their attempts to provide assistance and coordination, and the unnecessary demands for departmental independence by line managers. A major source of difficulty is to persuade line managers to accept, and act upon, the advice and recommendations which are offered.

## **2. Functional Organization**

Under this structure, the division of work and the grouping together of people is organised by reference to some common characteristic which forms a logical link between the activities involved. This emphasizes functions of the organizational operations as well as specialization. The most commonly used bases for grouping activities according to function are: specialization; the use of the same set of resources; and the shared expertise of members of staff. It is a matter for decision in each organisation as to which activities are important enough to be organised into separate functions, departments or sections.

## **3. Project Organisation**

The division of work and methods of grouping described earlier tend to be relatively permanent forms of structure. With the growth in newer, complex and technologically advanced systems, it has become necessary for organisations to adapt traditional structures in order to provide greater

integration of a wide range of functional activities. In recent years, greater attention has been

given, therefore, to more flexible forms of structure and the creation of groupings based on project teams and matrix organisation.

Members of staff from different departments or sections are assigned to the team for the duration of a particular project.

Therefore, a project organization may be set up as a separate unit on a temporary basis for the attainment of a particular task. When this task is completed, the project team is disbanded or members of the unit are reassigned to a new task. Project teams may be used for people working together on a common task or to coordinate work on a specific project such as the design and development, production and testing of a new product; or the design and implementation of a new system or procedure. For example, project teams have been used in many military systems, aeronautics and space programmes. A project team is more likely to be effective when it has a clear objective, a well-defined task, and a definite end-result to be achieve, and the composition of the team is chosen with care.

#### **4. Matrix Organisation**

The matrix organisation is a combination of:

- (i) functional departments which provide a stable base for specialised activities and a permanent location for members of staff; and
- (ii) units that integrate various activities of different functional departments on a project team, product, programme, geographical or systems basis. As an example, ICI is organised on matrix lines, by territory, function and business.

A matrix structure might be adopted in a university or college with grouping both by common subject specialism, and by association with particular courses or programmes of study.

Therefore, the matrix organisation establishes a grid, or matrix, with a two-way flow of authority and responsibility. On the basis of the functional departments, authority and responsibility flow vertically down the line, but the authority and responsibility of the project manager flow horizontally across the organisation structure.

### **3.6 COMMON FEATURES OF ORGANISATIONS**

A basic aim for the study of organisations is to indicate both the common features of organisations and the main distinguishing features between different types of organisations. It provides a useful framework for the comparative study of organisations. Some of these common features to organizations are as discussed below.

#### **1. Organisational Sub-systems**

The transformation or conversion of inputs into outputs is a common feature of all organisations.

Within the organisation (system) as a whole, each of the different transformation or conversion activities may themselves be viewed as separate subsystems with their own input-conversion-output process interrelated to, and interacting with, the other sub-systems. The analysis of an organisation could perhaps be based upon the departmental structure as sub-systems.

The important point is the interrelationships and coordination of sub-systems in terms of the effectiveness of the organisation as an integrated whole. The interrelationship and interdependence of the different parts of the system raise the question of the identification of these sub-systems. The boundaries are drawn at the discretion of the observer and sub-systems are identified according to the area under study. These sub-systems may be identified, therefore, in a number of different ways, although there is a degree of similarity among the alternative models.

#### **2. Socio-technical System**

According to Mullins (2000), the socio-technical system is concerned with the transformation or conversion process itself, the relationships between technical efficiency and social considerations and the effect on people. Researchers observed that new methods of work and changes in technology disrupted the social groupings of workers, and therefore, brought about undesirable changes to the psychological and sociological properties of the old method of working. As a result, the new method of work could be less efficient than it could have been despite the introduction of new technology.

### **3. Interaction between Organization and Environment**

An open systems approach is an attempt to view the organisation as a purposeful, unified whole in continual interaction with its external environment. The organisation (system) is composed of a number of interrelated parts (sub-systems). Any one part of the organisation's activities affects other parts. Managers cannot afford to take a narrow, blinkered view. They need to adopt a broader view of the organisation's activities. Managers should recognise the interrelationships between various activities and the effects that their actions and decisions have on other activities. Using the above framework of five main interrelated sub-systems – task, technology, structure, people, management – provides a useful basis for the analysis of organizational performance and effectiveness.

### **4. Situational Organisation**

The analysis of organisational effectiveness requires an understanding of relationships within the organisation's structure, the interrelated sub-systems and the nature of its external environment. Irrespective of the identification of sub-systems, the nature and scale of the series of activities involved in converting inputs to outputs will differ from one organisation to another in terms of the interrelationships between technology, structure, methods of operation, and the nature of environmental influences. Contingency models of organisation highlight these interrelationships and provide a further possible means of differentiation between alternative forms of organisation and management.

The contingency approach takes the view that there is no one best, universal form of organisation. There are a large number of variables, or situational factors, that influence organizational performance. Contingency models can be seen as an '*if-then*' form of relationship. *If* certain situational factors exist, *then* certain organisational and managerial variables are most appropriate. Managers can utilise these models to compare the structure and functioning of their own organisation (Mullins, 2000).

### **4.0 Conclusion**

The discussion has exposed you to the fact that organizational structure relates to pattern of relationships along positions in the organisation and among members of the organization, which defines tasks and responsibilities, work roles and relationships and



channels of communication among organizational members. You have understood that essential factors are normally taken into consideration in designing organization structure.

There are different types of structure and relationship in organization. Organizational structure is affected by technology as a critical aspect of the external environment.

## **5.0 Summary**

This study unit has been used to discuss:

- The Meaning and Nature of Organisation Structure; that structure defines positions and responsibilities, and it keeps on changing.
- Levels of Organisation Structure such as technical, management, and community levels.
- Dimensions of People – Organisation Relationship such as clarification of objectives, clarification of tasks, and division of work.
- Forms of Relationship in Organization in areas of line, staff, function and lateral relationships.
- Types of Organizational Structure like line and staff, functional, project and matrix organizations.
- Common Features of Organisations such as organizational sub-systems, socio technical system, interaction between the organization and the environment, and situation organization.

## **6.0 Tutor Marked Assignment**

1. Mention and discuss the forms of relationship in organization.

## **7.0 References/Further Readings**

Child, J. (1988). Organization: A Guide to Problems and Practice, Second Edition, New York: Paul Chapman.

Drucker, P. F. (1989). The Practice of Management, London: Heinemann Professional.

Mullins, J. L. (1995). Hospital Management: A Human Resources Approach, Second Edition, London: Pitman Publishing.

## **UNIT 4**

## **FORMS OF STRUCTURE**

### **Contents**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Cost
- 3.1 Objectives of an Organisation Structure
  - 3.1.1 Aligning Organisational Objectives
- 3.2 Organizational Structure Dimensions
- 3.3 Business Organizational Structure
  - 3.3.1 Classical Form of Organisation
  - 3.3.2 Alternate Design
  - 3.3.3 Organisational and Mechanistic Designs
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor Marked Assignment
- 7.0 References and Further Readings

### **1.0 INTRODUCTION**

Structure is the pattern of relationships among positions in the organisation and among members of the organisation. The purpose of structure is the division of work among members of the organisation, and the co-ordination of their activities so that they are directed towards achieving the same goals and objectives of the organisation. Structure defines tasks and responsibilities, work roles and relationships, and channels of communication. Business organizational structures have evolved with the adoption of Internet technologies and the increase in collaborative teamwork. In place of hierarchical vertical structures many organizations have introduced horizontal structures where cross-functional teamwork replaces departmental specialization. Companies align their businesses in different ways: some structures reflect the company's specialization in specific market sectors; others focus their business around product groups. The

Internet also enables the creation of virtual organizations that have no permanent structure, but bring together people for specific projects.

## **2.0 Objectives**

After studying this unit, you should be able to:

- discuss relatively complex structure
- explain the mid-size structure
- analyse Business organisational structure;

## **3.0 MAIN COST**

### **3.1 Objectives of an Organisation Structure**

The overall goals, purpose and mission of a business that have been established by its management and communicated to its employees. The organizational objectives of a company typically focus on its long range intentions for operating and its overall business philosophy that can provide useful guidance for employees seeking to please their managers.

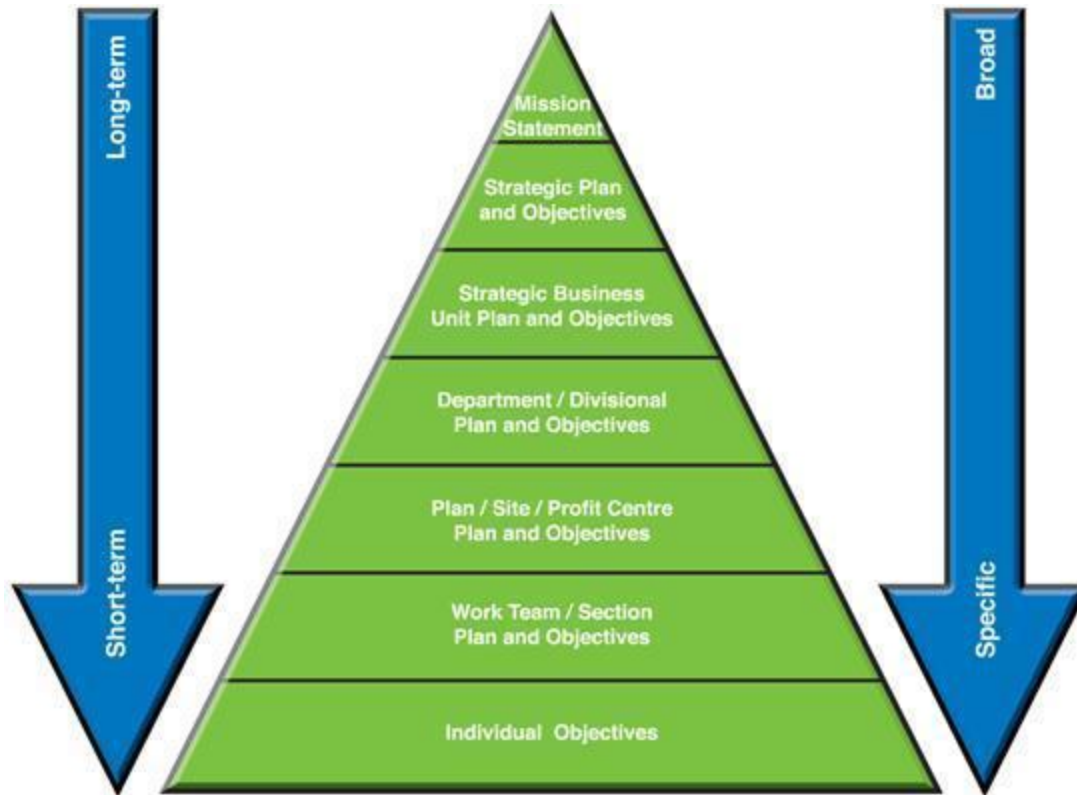
#### **3.1.1 Aligning Organisational Objectives**

Creating a clear line of sight from the top of the organisation to the front line is critical to the implementation of organisational goals. Everyone in an organisation should have an understanding of what the organisation's objectives are and how they fit with and contribute to helping achieve these objectives. This philosophy is based upon the belief that it is the front line personnel that produces the bottom line profits. The concept of a 'clear line of sight' is based

upon the principle of one level of objectives informing the next level of objectives. High level objectives are often linked directly to the organisation's mission and strategic plan and provide the framework for the next level of objectives and priorities.

This chain of linked objectives is cascaded all the way down the organisation thereby providing 'clear line of sight' from an individual's objectives to the team's objectives, through to the organisation's strategic objectives.

## A hierarchy of objectives

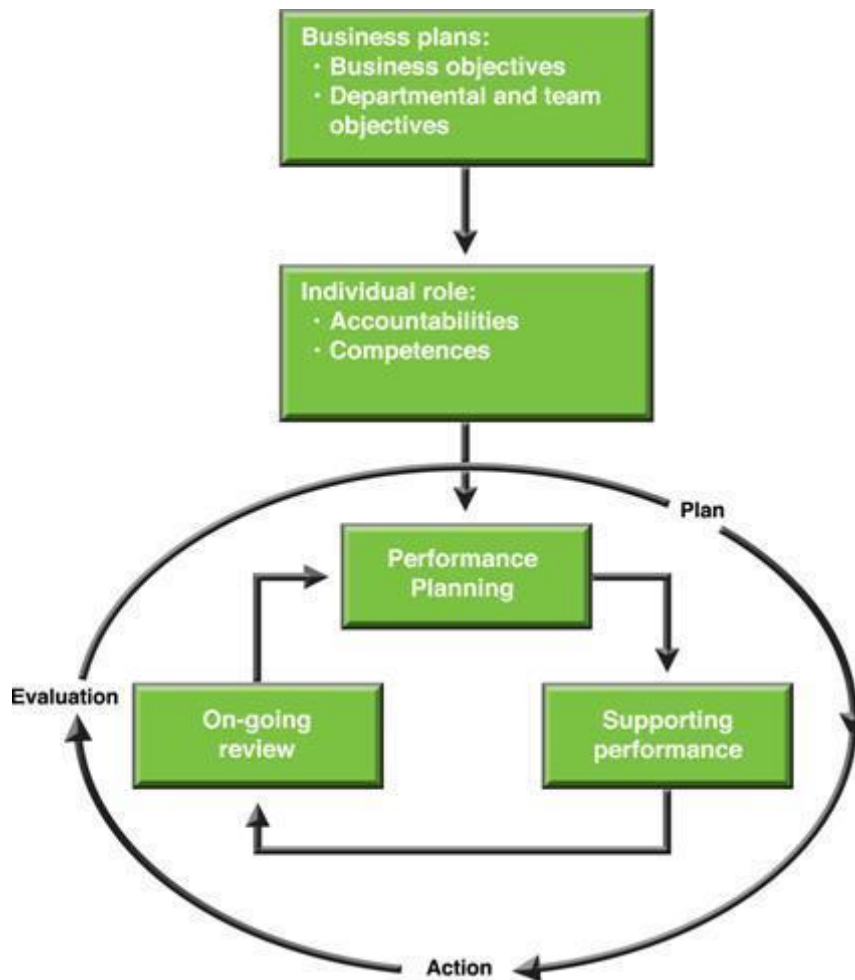


Performance management plays an important role in this process. It provides managers with a framework within which they are able to:

- Communicate organisational objectives and plans to individuals and teams
- Discuss and agree team and individual objectives
- Monitor and review individual and team performance
- Plan and support individual and team performance.

Performance management is a cyclical process enabling managers to identify underperformance, take action to improve performance and develop the skills and competences of individuals and teams. Performance management is part of an organisation's communication system. This is shown in the diagram below.

## The Performance Management Cycle



### 3.2 ORGANIZATIONAL STRUCTURE DIMENSIONS

Here are a number of dimensions or attributes that should be considered when designing an organization. These are important also during strategic planning.

#### Specialization

The shape of a company is often closely related to the number and distribution of specialist roles.

'Birds of a feather flock together', as they say, and people who have studied the same subject like to work with one another, as not only can they discuss common problems but they also can learn from one another as they professionally develop. Whilst not always necessary, it can also be helpful if your manager understands you and your work.

In consequence, when companies split into departments, these are often driven by specialization, and firms which have more specializations will have more divisions (and possibly sub-divisions too).

### **Standardization**

The number and control of repeatable processes varies with organization. In the classic manufacturing assembly plant there is much which is standardized. On the other hand, professional organizations such as consultancies will have less control, and organizations that work flexibility will have less standardization.

### **Formalization**

Formalization of what is done is similar to standardization but is more about the number of written rules, policies, procedures, and so on. This is typical of a large bureaucracy where there is a large central staff whose existence is often based on the formulation and policing of rules. It also may be found in highly regulated environments and where health and safety is at risk, including hospitals and nuclear power stations.

The dilemma with formalization is that whilst it ensures consistency and can help the organization stay legal and safe, it also prohibits originality and change, with the result that formalized organizations can become unthinking and out of date.

### **Centralization**

In a centralized organization, much of the control is held centrally, with managers and corporate staff who issue rules and make key decisions. Whilst centralization gives control that allows for common and lockstep action, it removes freedom from the extremes of the company where local conditions and customers may demand alternative courses of action. Repeated centralization and decentralization is a pattern found in phases of organizational growth and crisis, where each reacts against problems in the other.

### **Configuration**

The configuration of a company is in the number of hierarchical layers and span of control (how many subordinates each manager has). The natural approach to sustaining control in a company

is to have managers and subordinates but too many subordinates are difficult to manage, so this process continues in subdivision. This however creates its own problems and various organizational forms have been used in order address the issues of configuration.

#### Traditionalism

In the original organizations which were typically craft-based, such as thatching, agriculture and stonemasonry, there were few written rules and many people could not read or write. Instruction and learning was done through a master-apprentice structure.

Whilst there are fewer such organizations now, a significant variable is the amount of information and processes which are documented as opposed to being orally transmitted. Smaller companies are more likely to retain this informality, especially where they are based on expertise and where they are sufficiently stable that employees stay there long enough to learn tacitly and then go on to re-transmit their knowledge.

### **3.3 BUSINESS ORGANISATIONAL STRUCTURE**

Organisational design refers to the process of coordinating the structural elements of organisations in the most appropriate manner. There are three distinct schools; the classical, the neoclassical and the contemporary. The classical school represented by Max Weber, F.W.Taylor and Henry Fayol; the proponents of formal hierarchy, clear set of rules and specialisation of labour. The neo-classical represented by organisational scholar such as McGregor, Argyris and Likert. They emphasize on employee satisfaction along with economic effectiveness and call for the designing of flat hierarchical structure with a high degree of decentralisation. The proponents of contemporary design emphasize on the environmental factors in which the organisations are operating. Let us now learn them briefly.

#### **3.3.1 Classical Form of Organisation**

The Simple Structure: A simple structure has low departmentalisation, wide span of control, concentration of authority in a single person, and little or no formalization. Simple structure is normally flat type of organisation having two or three vertical levels, a loose body of employees and one individual in whom the decision-making authority is centralised. Usually, practiced in small organisations having owner manager or family owned businesses. The advantage of simple

structure is in its simplicity. It is fast, flexible, inexpensive to maintain and accountability is absolutely clear. However, it is very difficult to maintain especially when the organisations grow larger.

**The Bureaucracy:** The most common form of organisation is the classical bureaucratic structure.

The structure is inflexible, impersonal and highly standardised. You may observe some of the organisations we come across very frequently. The banks, where we deposit our money and withdraw cash as and when we need them. The stores from where we buy large number of items of daily use. The income tax office, we need to file our income tax returns every year. If you observe these organisations closely, we may find that they are all having highly routinised work system carried out through specialisation, formally written rules and regulations, centralised authority, narrow span of control and all decision have to follow the chain of command. Max Weber (1947), considered it as an ideal form of organisation. The bureaucracy, though not very ideal form of organisation in modern times but still holds ground. The strength of bureaucracy lies in its ability to perform standardised functions highly efficiently. However, obsessive observance of rules and regulations is said to be its major weakness.

**The Matrix Structure:** Mathematically, matrix is an array of horizontal rows and vertical columns. In order to understand the Matrix Structure, we first need to understand the Functional Organisation, a form of departmentalisation in which every member of the organisation engaged in a functional area i.e., employee engaged in marketing or production is grouped into one unit.

The matrix organisation is defined as type of organisation in which each employee has two bosses or (under dual authority). They have to report to both functional and divisional manager and also to a project or group manager. This type of structure is most popular in the advertising agencies, hospitals, Research and Development laboratory and universities. The matrix structure allows for flexible use of organisations human resources, pooling and sharing of specialized resources but the major problem is with regard to coordination of task and stress caused by two bosses.

### **3.3.2 Alternate Design**

Robins has classified the structural designs into three broad types; the team structure, the virtual organisation, and the boundary less organisation.



**The Team Structure:** The team structure uses the team as the central device to coordinate work activities. Robins defines work team as a group whose individual efforts result in a performance greater than the sum of the individual inputs. The primary characteristics of the team structure are that it breaks down departmental barriers and decentralises decision making to the level of the work team. One of the prerequisites of the team structure is that the employees have to be both generalists as well as specialists. In India some of the well known multinationals like Xerox, Motorola and the IT giant H.P uses cross functional teams.

**The Virtual Organisation:** In the age of specialisation no organisation can survive without outsourcing. The core activity remains with the main organisation whereas parts are performed by others. The virtual organisation (also known as network or modular organisation) goes a step ahead by outsourcing major business function. In structural terms the virtual organisation is highly centralised, with little or no departmentation. When large organisations use virtual structure, they frequently use it to outsource manufacturing activities. This is the reason why do some of the very large organisations do business of crores of rupees without having manufacturing activities.

**The Boundary Less Organisation:** The credit for coining the term boundary less organisation goes to Mr. Jack Welch of General Electrics (GE). He wanted GE to become boundary less organisation. The type of organisation, which seeks to eliminate the chain of command, have limitless span of control and replace departments with empowered teams. By removing vertical boundaries, management flattens the hierarchy, status, and ranks are minimized. G.E. has been using cross-hierarchical teams, participative decision making practices and 360-degree performance appraisal system to break vertical boundaries. It is the networked computers (with the help of internet and intranet), which makes the boundary less organisation possible by allowing people to communicate across inter-organisational and intra-organisational boundaries.

Electronic Mail for example permits hundreds of employee to share information simultaneously and allows ranks and file workers to communicate directly with senior executives.

### **3.3.3 Organisational and Mechanistic Designs**

There are two extreme models of organisational design i.e., mechanistic model and organic model. Let us learn them briefly. Robins has identified following characteristics of mechanistic and organic model of organisational design:

Mechanistic Model: The major features of mechanistic model are as follow:

- extensive departmentalization
- high formalization
- a limited information network; and
- centralisation

The activities are grouped together based on the strategies of the departmentation like functional, division, adaptive; etc. There are standardised policies, procedures, rules and decision making styles. The flow of information is very limited. The decision making style is highly centralised.

Thus, the mechanistic model endeavours to achieve efficiency because of its structural characteristics.

Organic Model: The major features of organic model are as follow:

- cross hierarchical and cross functional teams
- low formalization
- comprehensive information network
- high participation in decision making

In the organic model teams emerge from different hierarchy and functional areas. The tasks, rules, procedures and decision making are in a fluid situation and changeable. The information flow across the organisation. There exists decentralisation of decision making where participation is sought from the larger group. This model focuses on flexibility and adaptability.

It encourages greater utilisation of human resources.

#### **4.0 Conclusion**

The discussion has exposed you to the fact that organizational structure relates to pattern of relationships along positions in the organisation and among members of the organization, which defines tasks and responsibilities, work roles and relationships and channels of communication among organizational members. You have understood that essential factors are normally taken into consideration in designing organization structure.

There are different types of structure and relationship in organization. Organizational structure is affected by technology as a critical aspect of the external environment.

## **5.0 SUMMARY**

Structure is what ensures that your organization will function smoothly and as you intended. You should think about structure

### **5.0 Tutorial Assignment**

1. What is Organisation Structure
2. Discuss Organizational Structure Dimensions
3. Discuss Business Organizational Structure
4. Discuss Classical Form of Organisation

## **6.0 REFERENCES/FURTHER READING**

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**1.0 INTRODUCTION**

The culture of an organisation is a set of norms, values and beliefs. These have developed over time, unplanned and emergent. However, the culture of an organisation is something that can have an enormous impact on the way in which an organisation operates, and its effectiveness. It is also something that can be assessed and, if necessary, changed over time. Organisational culture interventions are notorious for their difficulty and duration but if culture change is needed this should not deter an organisation from embarking on the process of change. Indeed, it may be the key to its survival.

Different cultures are reflected in different organisational structures and systems. Indeed, it is important that structures and systems are appropriate to the organisation's culture. Also, different people prefer different organisational cultures.

## **2.0 Objectives**

At the end of this unit, the learner should be able to:

- Give a conceptual definition of Organizational culture
- What are the dimensions of Hofstede's categorization of culture
- Discuss factors and element of organizational culture

## **3.0 MAIN CONTENT**

### **3.1 ORGANIZATIONAL CULTURE**

Organizational culture is the behavior of humans who are part of an organization and the meanings that the people attach to their actions. Culture includes the organization values, visions, norms, working language, systems, symbols, beliefs and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders.

Ravasi and Schultz (2006) state that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. At the same time although a company may have "own unique culture", in larger organizations, there is a diverse and sometimes conflicting cultures that co-exist due to different characteristics of the management team. The organizational culture may also have negative and positive aspects.

Schein (2009), Deal & Kennedy (2000), Kotler (1992) and many others state that organizations often have very differing cultures as well as subcultures.

### **3.2 CHAT OF ORGANISATIONAL CULTURE**



**Clan:** Strong value placed on flexibility and discretion with a focus inside the organization. Leaders tend to be mentors and coaches. Effectiveness is evaluated in terms of the cohesion and morale of individuals inside the firm and tacit knowledge held. Overall, the organization tends to be a friendly place to work, with a great deal of commitment and loyalty.

**Hierarchy:** Strong value placed on control and stability with a focus inside the organization. Leaders tend to be monitors and organizers. Effectiveness is measured in terms of efficiency and orderly coordination. The organization tends to be a formal and standardized place to work with emphasis on explicit knowledge.

**Market:** Strong value placed on control and stability with a focus outside the organization. Leaders tend to be driven and competitive. Effectiveness is measured in terms of goal achievement and beating the competition in the marketplace. The organization can be a difficult place to work because there is a constant focus on results and doing better than colleagues.

**Adhocracy:** Strong value placed on flexibility and discretion with a focus outside the organization. Leaders tend to be entrepreneurial and innovative, perhaps even visionary. Effectiveness is evaluated in terms of creativity and leading-edge innovation in the marketplace. The organization tends to be a vibrant place to work, with significant risk taking.

### 3.3 HOFSTEDE'S CULTURAL DIMENSIONS THEORY

Hofstede (1980) looked for global differences between over 100,000 of IBM's employees in 50 different countries and three regions of the world, in an attempt to find aspects of culture that might influence business behaviour. He suggested about cultural differences existing in regions and nations, and the importance of international awareness and multiculturalism for the own cultural introspection. Cultural differences reflect differences in thinking and social action, and even in "mental programs", a term Hofstede uses for predictable behaviour. Hofstede relates culture to ethnic and regional groups, but also organizations, profession, family, to society and subcultural groups, national political systems and legislation, etc.

Hofstede suggests of the need of changing "mental programs" with changing behaviour first which will lead to value change and he suggests that however certain groups like Jews, Gypsies and Basques have maintained their identity through centuries without changing. Hofstede demonstrated that there are national and regional cultural groupings that affect the behaviour of organizations and identified four dimensions of culture.

**Power distance:** Different societies find different solutions on social inequality. Although invisible, inside organizations power inequality of the "boss-subordinates relationships" is functional and according to Hofstede reflects the way inequality is addressed in the society. "According to Mulder's Power Distance Reduction theory subordinates will try to reduce the power distance between themselves and their bosses and bosses will try to maintain or enlarge it", but there is also a degree to which a society expects there to be differences in the levels of power. A high score suggests that there is an expectation that some individuals wield larger amounts of power than others. A low score reflects the view that all people should have equal rights.

**Uncertainty avoidance:** Is the coping with uncertainty about the future. Society copes with it with technology, law and religion (however different societies have different ways to addressing it), and according to Hofstede organizations deal with it with technology, law and rituals or in two ways - rational and non-rational, where rituals being the non-rational. Hofstede listed as rituals the memos and reports, some parts of the accounting system, large part of the planning and control systems, and the nomination of experts.

**Individualism vs collectivism:** Disharmony of interests on personal and collective goals (Parsons and Shils, 1951). Hofstede brings that society's expectations of

Individualism/Collectivism will be reflected by the employee inside the organization. Collectivist societies will have more emotional dependence of members on their organizations, when in equilibrium - organization is expected to show responsibility on members. Hofstede says that capitalist market economy fosters individualism and competition and depends on it but individualism is also related to the development of middle class. Research indicates that some people and cultures might have both high individualism and high collectivism, for example, and someone who highly values duty to his or her group does not necessarily give a low priority to personal freedom and self-sufficiency.[citation needed]

**Masculinity vs. femininity:** This reflects whether certain society is predominantly male or female in terms of cultural values, gender roles and power relations.

**Long- Versus Short-Term:** Orientation which he describes as "The long-term orientation dimension can be interpreted as dealing with society's search for virtue. Societies with a short-term orientation generally have a strong concern with establishing the absolute Truth. They are normative in their thinking. They exhibit great respect for traditions, a relatively small propensity to save for the future, and a focus on achieving quick results. In societies with a long-term orientation, people believe that truth depends very **much** on situation, context and time. They show an ability to adapt traditions to changed conditions, a strong propensity to save and invest, thriftiness, and perseverance in achieving results.

### 3.3 FACTORS AND ELEMENTS OF ORGANIZATIONAL CULTURE

Gerry Johnson (1988) described a cultural web, identifying a number of elements that can be used to describe or influence organizational culture:

**The paradigm:** What the organization is about, what it does, its mission, its values.

**Control systems:** The processes in place to monitor what is going on. Role cultures would have vast rulebooks. There would be more reliance on individualism in a power culture.

**Organizational structures:** Reporting lines, hierarchies, and the way that work flows through the business.

**Power structures:** Who makes the decisions, how widely spread is power, and on what is power based?

**Symbols:** These include organizational logos and designs, but also extend to symbols of power such as parking spaces and executive washrooms.



**Rituals and routines:** Management meetings, board reports and so on may become more habitual than necessary.

**Stories and myths:** build up about people and events, and convey a message about what is valued within the organization.

These elements may overlap. Power structures may depend on control systems, which may exploit the very rituals that generate stories which may not be true.

According to Schein (1992), the two main reasons why cultures develop in organizations is due to external adaptation and internal integration. External adaptation reflects an evolutionary approach to organizational culture and suggests that cultures develop and persist because they help an organization to survive and flourish. If the culture is valuable, then it holds the potential for generating sustained competitive advantages. Additionally, internal integration is an important function since social structures are required for organizations to exist. Organizational practices are learned through socialization at the workplace. Work environments reinforce culture on a daily basis by encouraging employees to exercise cultural values. Organizational culture is shaped by multiple factors, including the following:

**External environment:** The external environments of an organization are those factors outside the company that affect the company's ability to function. Some external elements can be manipulated by company marketing, while others require the organization to make adjustments. Monitor the basic components of your company's external environment, and keep a close watch at all times.

**Customers:** Your customers are among the external elements you can attempt to influence, via marketing and strategic release of corporate information. But ultimately, your relationship with your clients is based on finding ways to influence them to purchase your products. Market research is used to determine the effectiveness of your marketing messages, and to decide what changes can be made to future marketing programs to improve sales.

**Government:** Government regulations in product development, packaging and shipping play a significant role in the cost of doing business and your ability to expand into new markets. If the government places new regulations on how you must package your product for shipment, that can increase your unit costs and affect your profit margins. International laws create processes that your company must follow to get your product into foreign markets.

**Economy:** As with the majority of the elements of your organization's external environment, your company must be efficient at monitoring the economy and learning how to react to it, rather than trying to manipulate it. Economic factors affect how you market products, how much money you can spend on business growth, and the kind of target markets you will pursue.

**Competition:** Your competition has a significant effect on how you do business and how you address your target market. You can choose to find markets that the competition is not active in, or you can decide to take on the competition directly in the same target market. The success and failure of your various competitors also determines a portion of your marketing planning, as well. For example, if a long-time competitor in a particular market suddenly decides to drop out due to financial losses, then you will need to adjust your planning to take advantage of the situation.

**Public Opinion:** Any kind of company scandal can be damaging to your organization's image. The public perception of your organization can hurt sales if it's negative, or it can boost sales with positive company news. Your firm can influence public opinion by using public relations professionals to release strategic information, but it is also important to monitor public opinion to try and defuse potential issues before they begin to spread.

**Industry:** The overall economic, regulatory, social and political conditions that affect all participants in an industrial market in a similar way and cannot readily be influenced by marketing. The industry environment experienced by a business can include such things as demographics, lifestyle shifts and economic cycles.

#### **4.0 Conclusion**

Organisational culture is an important concept and a pervasive one in terms of its impact on organizational change programmes. The suggests an ambiguity in terms of the link with organisational performance as strong cultures have been shown to hinder performance (unadaptive) and there is also a problem of isolating the impact of corporate culture on performance. The problems associated with the culture/performance linkage include validation concerns in terms of measurement, as the effect of a particular cultural variable may not affect all performance-related organisational processes in the same way. Researchers also view it as a socially constructed norm and not just a managerial control strategy 'caught not taught'. Hatch

(1997) suggests that organisations should aim to manage with cultural awareness and not merely manage the culture.

## **5.0 Summary**

It should be appreciated that each of the elements of culture listed at the introductory section of this chapter have their effects on organization and buyers behavior. It is the managers and the marketing executives responsibility; to carefully observe relevant cultural elements in its environment and to appropriately take account of them in his management and marketing programme. This is so because from the open system stand point organizations are seen as pattern of human culture shaped so as to allow at least for survival, at most growth, and development in an environment of the law. The environment of any one organization is likely to differ to a great and lesser degree from every other organization. To have an open system view is to look at culture as contingent upon the circumstance of a particular case.

## **6.0 Tutorial Assignment**

- \* What is the organization culture is all about ?
- \* Factors and element of organisational culture

## **7.0 Reference/Further Reading**

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**1.0 INTRODUCTION**

The values and behaviors that contribute to the unique social and psychological environment of an organization. Organizational culture includes an organization's expectations, experiences, philosophy, and values that hold it together, and is expressed in its self-image, inner workings, interactions with the outside world, and future expectations.

**2.0 Objectives**

At the end of this unit, the learner should be able to:

- Discuss types of culture
- Expantiate what organizational culture is all about

- Discuss how culture works
- Explain guidelines for cultural change

### **3.0 MAIN CONTENT**

#### **3.1 Types of Culture**

Charles Handy (1976), popularized Roger Harrison (1972) with linking organizational structure to organizational culture. The described four types of culture are:

##### **3.1.1 Power Culture**

A power culture is frequently found in small campaigning societies. It involves a powerful central character or leader. Its structure is depicted by a web: -

Power culture usually operates informally, with few rules and procedures. Control is exercised by the centre and decisions are taken on the basis of power and influence. Size is a problem for power cultures, as the web can break if it becomes too large and complex. Then, the only way the organisation can remain web-structured is to develop other ‘spin-off’ organisations, each web-structures in their own right.

##### **3.1.2 Role Culture**

Role culture is what was previously known as a ‘bureaucracy’. The structure can be depicted as a Greek temple: -

Work is coordinated by a manager, or small number of managers, at the top of the structure. The pillars are strong functional departments. The work of these departments is coordinated and controlled by: -

- Procedures governing roles e.g. authority definitions and job descriptions.
- Procedures for communications e.g. document distribution and circulation rules.
- Rules for settlement of disputes e.g. appeal to lowest crossover points.

With ultimate coordination and control by senior manager(s).

Position power is the major power source in this culture: personal power is not welcomed, and expert power only appreciated ‘in its proper place’. Rules and procedures are all encompassing.

The success of this culture depends on appropriate allocation of roles and responsibilities. Also, a stable environment is necessary for this culture to work – Greek temples tremble when the ground shakes, and collapse under an earthquake. Role culture is frustrating for individuals who are power orientated or want control over his or her own work and the way in which it is done.

### **3.1.3 Task Culture**

The task culture is job or project orientated. Its structure can be depicted as a net: -

The matrix organisation is one structural form of the task culture.

Task culture arranges human resources around the project in hand, and lets the team organise themselves (self-determining teams). Influence is based more on expert power than on position or personal power. This culture is extremely adaptable, and appropriate for task-centred, mission driven organisations particularly campaigning organisations as it enhances creativity and motivation. It is flexible and enables reactivity. However, task culture finds it difficult to achieve economies of scale, or to replicate good success amongst different teams.

Management control is largely ceded, apart from determination of tasks and the allocation of people and resources. ‘Control freak’ managers would certainly be out of their ‘comfort zone’ in this culture!

This system can become strained when the organisation is short of funding or people. Then, the manager can tend to attempt to wrestle back control, and team leaders can begin to compete for funding or staff resources – leading to a breakdown of team mentality and a move towards power or role culture.

### **3.1.4 Person Culture**

Person culture is rarely found in animal protection organisations. It is where the individual is the focus of the organisation. Communes and partnerships (e.g. management consultants or architects) sometimes have this culture. It can be depicted by a cluster:-

This would be extremely unusual for an animal protection society, where a mission or aim is central.

### 3.2 THE ORGANIZATIONAL CULTURE INVENTORY

The Organizational Culture Inventory (OCI) is an integral component of Human Synergistics' multilevel diagnostic system for individual, group, and organizational development. The OCI measures "what is expected" of members of an organization—or, more technically, behavioral norms and expectations which may reflect the more abstract aspects of culture such as shared values and beliefs.

The inventory presents a list of statements which describe some of the behaviors and personal styles that might be expected or implicitly required of an organization's members. Some of the cultural norms measured by the OCI are positive and supportive of constructive interpersonal relationships, effective problem solving, and personal growth; others are dysfunctional and can lead to unnecessary conflict, dissatisfaction, and symptoms of strain on the part of organizational members. More specifically, the OCI measures twelve different cultural norms that are organized into three general types of cultures:

Robert A. Cooke, defines culture as the behaviors that members believe are required to fit in and meet expectations within their organization. The Organizational Culture Inventory measures twelve behavioral norms that are grouped into three general types of cultures:

**Constructive cultures**, in which members are encouraged to interact with people and approach tasks in ways that help them meet their higher-order satisfaction needs.

**Passive/defensive cultures**, in which members believe they must interact with people in ways that will not threaten their own security.

**Aggressive/defensive cultures**, in which members are expected to approach tasks in forceful ways to protect their status and security.

#### **Constructive cultures**

This is where people are encouraged to be in communication with their co-workers, and work as teams, rather than only as individuals. In positions where people do a complex job, rather than something simple like a mechanic one, this sort of culture is an efficient one.

**1. Achievement:** completing a task successfully, typically by effort, courage, or skill (pursue a standard of excellence) (explore alternatives before acting) - Based on the need to attain high-quality results on challenging projects, the belief that outcomes are linked to one's effort rather than chance and the tendency to personally set challenging yet realistic goals. People high in this style think ahead and plan, explore alternatives before acting and learn from their mistakes.

**2. Self-actualizing:** realization or fulfillment of one's talents and potentialities considered as a drive or need present in everyone (think in unique and independent ways) (do even simple tasks well) Based on needs for personal growth, self-fulfillment and the realisation of one's potential.

People with this style demonstrate a strong desire to learn and experience things, creative yet realistic thinking and a balanced concern for people and tasks.

**Humanistic-encouraging:** help others to grow and develop (resolve conflicts constructively)

Reflects an interest in the growth and development of people, a high positive regard for them and sensitivity to their needs. People high in this style devote energy to coaching and counselling others, are thoughtful and considerate and provide people with support and encouragement.

**Affiliative:** treat people as more valuable than things (cooperate with others) - Reflects an interest in developing and sustaining pleasant relationships. People high in this style share their thoughts and feelings, are friendly and cooperative and make others feel a part of things.

Organizations with constructive cultures encourage members to work to their full potential, resulting in high levels of motivation, satisfaction, teamwork, service quality, and sales growth.

Constructive norms are evident in environments where quality is valued over quantity, creativity is valued over conformity, cooperation is believed to lead to better results than competition, and effectiveness is judged at the system level rather than the component level. These types of cultural norms are consistent with (and supportive of) the objectives behind empowerment, total quality management, transformational leadership, continuous improvement, re-engineering, and learning organizations.

### **Passive/defensive cultures**

Norms that reflect expectations for members to interact with people in ways that will not threaten their own security are in the Passive/Defensive Cluster.

The four Passive/Defensive cultural norms are:

- Approval
- Conventional
- Dependent
- Avoidance



In organizations with Passive/Defensive cultures, members feel pressured to think and behave in ways that are inconsistent with the way they believe they should in order to be effective. People are expected to please others (particularly superiors) and avoid interpersonal conflict. Rules, procedures, and orders are more important than personal beliefs, ideas, and judgment. Passive/Defensive cultures experience a lot of unresolved conflict and turnover, and organizational members report lower levels of motivation and satisfaction.

### **Aggressive/defensive cultures**

This style is characterized with more emphasis on task than people. Because of the very nature of this style, people tend to focus on their own individual needs at the expense of the success of the group. The aggressive/defensive style is very stressful, and people using this style tend to make decisions based on status as opposed to expertise.

**1. Oppositional:** This cultural norm is based on the idea that a need for security takes the form of being very critical and cynical at times. People who use this style are more likely to

question others' work; however, asking those tough questions often leads to a better product. Nonetheless, those who use this style may be overly-critical toward others, using irrelevant or trivial flaws to put others down.

**2. Power:** This cultural norm is based on the idea that there is a need for prestige and influence. Those who use this style often equate their own self-worth with controlling others. Those who use this style have a tendency to dictate others opposing to guiding others' actions.

**3. Competitive:** This cultural norm is based on the idea of a need to protect one's status. Those who use this style protect their own status by comparing themselves to other individuals and outperforming them. Those who use this style are seekers of appraisal and recognition from others.

**4. Perfectionistic:** This cultural norm is based on the need to attain flawless results. Those who often use this style equate their self-worth with the attainment of extremely high standards. Those who often use this style are always focused on details and place excessive demands on themselves and others.

Organizations with aggressive/defensive cultures encourage or require members to appear competent, controlled, and superior. Members who seek assistance, admit shortcomings, or concede their position are viewed as incompetent or weak. These organizations emphasize finding errors, weeding out "mistakes" and encouraging members to compete against each other.

rather than competitors. The short-term gains associated with these strategies are often at the expense of long-term growth

### 3.3 HOW CULTURE WORKS

As depicted by the model, the operating cultures of your organization is not directly determined by its values (or ideal culture), nor is it directly influenced by its missions and philosophies. Rather, the behavioural norms and expectations that emerge within organizations are directly influenced by their internal structures, systems, technologies, and skills/qualities.

**Structure:** Refers to the manner in which components (such as people, tasks, and roles) are ordered and coupled to create organization. Aspects of structure that can influence an organization's operating culture include its design (such as degree of centralization, formalization, and specialization) and the extent to which it promotes or restricts members' involvement and empowerment.

**Systems:** Refer to the interrelated sets of procedures such as human resource, information, accounting, and quality control systems an organization uses to support its core activities and solve problems. Human resource management systems, including goal setting, reinforcement, performance management, training and development, and selection and placement, are among the most powerful factors for shaping as well as redirecting the operating culture of an organization.

**Technology:** Refers to the methods by which an organization transforms inputs into outputs. Aspects of technology that have been found to have an impact on the operating culture of organizations include job design, job complexity, and degree of interdependence among members.

**Skills/qualities:** of organizational members particularly those who hold leadership roles can shape, reinforce, and change the operating culture of an organization. Examples of relevant skills and qualities revolve around communication, sources of power and influence, methods for conflict resolution, and job security.

To the extent that your organization's internal structures, systems, technology, skills/qualities, and mission and philosophy are all in alignment with its values, the organization's operating culture will more closely reflect its ideal culture. In contrast, the operating culture will be

considerably different from the organization's ideal when causal factors are not in alignment with the organization's values and ideal culture.

The model also illustrates that your organization's operating culture determines outcomes at the individual, group, and organizational levels. For example, culture has been found to be associated with satisfaction, motivation, and stress at the individual level; teamwork and inter-unit coordination at the group level; and product/service quality and external adaptability at the organizational level.

### **3.4 WHY IS CULTURE IMPORTANT**

Some researchers' findings show that certain kinds of cultures correlate with economic performance (Denison, 1990; Kotter and Heskett, 1992) suggests a link between organisational culture change and public service improvement. Understanding of organisational culture and cultural types also helps our understanding of why managerial reforms may impact differently within and between organisations. An organisation with a predominantly internal process culture, for example, may be more resistant to reforms aimed at promoting innovation. We would also expect staff in high uncertainty avoidance cultures to be more concerned with rule-following and more reluctant to risk changing jobs both factors of some importance for those reformers who want to deregulate bureaucracies and encourage more rapid job change in the public service'. Practitioners in both the private and public sectors have come to realise that organisational change often requires changing the organisation's culture and learning. For example, in terms of improving career progression arrangements in the civil service, O'Riordan and Humphreys (2002) suggest a need for a change in organisational culture in many areas of a department. In particular, O'Riordan (2004) says that 'developing a culture in which career progression and development of staff is prioritised represents an important retention and motivation tool'. Zalami (2005) notes that culture can either facilitate or inhibit institutional transformation depending on whether or not the existing culture is aligned with the goals of the proposed change. This is also noted by O'Donnell (2006) in terms of culture facilitating innovative initiatives in the public sector and providing a supportive environment for developing 'enterprising leaders'.

### **3.5 GUIDELINES FOR CULTURAL CHANGE**

When an organization does not possess a healthy culture or requires some kind of organizational culture change, the change process can be daunting. Culture change may be necessary to reduce employee turnover, influence employee behavior, make improvements to the company, refocus the company objectives and/or rescale the organization, provide better customer service, and/or achieve specific company goals and results. Culture change is impacted by a number of elements, including the external environment and industry competitors, change in industry standards, technology changes, the size and nature of the workforce, and the organization's history and management.

Cummings & Worley's six guidelines for cultural change which are in line with Kotter's eight-step strategy. The steps are as follow:

1. Formulate a clear strategic vision (stage 1, 2, and 3). In order to make a cultural change effective a clear vision of the firm's new strategy, shared values and behaviors is needed. This vision provides the intention and direction for the culture change (Cummings & Worley, 2004).
2. Display top-management commitment (stage 4). It is very important to keep in mind that culture change must be managed from the top of the organization, as willingness to change of the senior management is an important indicator (Cummings & Worley, 2004, page 490). The top of the organization should be very much in favor of the change in order to actually implement the change in the rest of the organization. De Caluwé & Vermaak (2004) provide a framework with five different ways of thinking about change.
3. Model culture change at the highest level (stage 5). In order to show that the management team is in favor of the change, the change has to be notable at first at this level. The behavior of the management needs to symbolize the kinds of values and behaviors that should be realized in the rest of the company. It is important that the management shows the strengths of the current culture as well, it must be made clear that the current organizational does not need radical changes, but just a few adjustments. This process may also include creating committee, employee task forces, value managers, or similar. Change agents are key in the process and key communicators of the new values. They should possess courage, flexibility, excellent interpersonal skills, knowledge of the company, and patience. As McCune (May 1999) puts it, these individual should be catalysts, not dictators.

4. Modify the organization to support organizational change. The fourth step is to modify the organization to support organizational change. This includes identifying what current systems, policies, procedures and rules need to be changed in order to align with the new values and desired culture. This may include a change to accountability systems, compensation, benefits and reward structures, and recruitment and retention programs to better align with the new values and to send a clear message to employees that the old system and culture are in the past.

5. Select and socialize newcomers and terminate deviants (stage 7 & 8 of Kotter, 1995). A way to implement a culture is to connect it to organizational membership, people can be selected and terminate in terms of their fit with the new culture (Cummings & Worley, 2004, p. 491). Encouraging employee motivation and loyalty to the company is key and will also result in a healthy culture. The company and change managers should be able to articulate the connections between the desired behavior and how it will impact and improve the company's success, to further encourage buy-in in the change process. Training should be provided to all employees to understand the new processes, expectations and systems.

6. Develop ethical and legal sensitivity. Changes in culture can lead to tensions between organizational and individual interests, which can result in ethical and legal problems for practitioners. This is particularly relevant for changes in employee integrity, control, equitable treatment and job security (Cummings & Worley, 2004). It is also beneficial, as part of the change process, to include an evaluation process, conducted periodically to monitor the change progress and identify areas that need further development. This step will also identify obstacles of change and resistant employees and to acknowledge and reward employee improvement, which will also encourage continued change and involvement. It may also be helpful and necessary to incorporate new change managers to refresh the process. Outside consultants may also be useful in facilitating the change process and providing employee training. Change of culture in the organizations is very important and inevitable. Culture innovations is bound to be because it entails introducing something new and substantially different from what prevails in existing cultures. Cultural innovation is bound to be more difficult than cultural maintenance. People often resist changes hence it is the duty of the management to convince people that likely gain will outweigh the losses. Besides institutionalization, deification is another process that tends to occur in strongly developed organizational cultures. The organization itself may come to be regarded as precious in itself, as a source of pride, and in some sense unique. Organizational

members begin to feel a strong bond with it that transcends material returns given by the organization, and they begin to identify with it. The organization turns into a sort of clan.

#### **4.0 Conclusion**

The analysis in this study unit has exposed you the fact that organization has its own culture. Such organizational culture is manifested in artifacts and creations, values and unconsciously held learned responses to issues. There are some basic types of organizational culture which are power culture, role culture, task culture, and person culture. Organizational culture is influenced by variables such as historical development of the organization, the primary function and technology being used by the organization, its goals and objectives, the size of organization, the location of organization, its management and staffing, and the external environment. The analysis has showed that there is a direct link between cultural variance and workplace behaviour.

#### **5.0 Summary**

This study unit has been used to discuss:

- The meaning and nature of organizational culture.
- Levels and types of organizational culture.
- The influences on development of organizational culture.
- The Importance of Culture

#### **6.0 Tutorial Assignment**

1. Identify and explain the factors that influence organizational culture

#### **7.0 References/Further Reading**

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## **UNIT 3**

## **DETERMINANTS OF CULTURE**

### **Contents**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
  - 3.1 Determinant of Culture
    - 3.1 Factors that contribute towards the development of organisational culture
  - 3.2 Functions of organisational culture
  - 3.3 Issues in managing culture
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutorial Assignment
- 7.0 References/Further reading

### **1.0 INTRODUCTION**

Generally, business today gets done in a global marketplace. Change is occurring at an incredible pace. Time and distance continue to become less and less relevant thanks in great part to the explosive growth of technology and the Internet. Therefore, leaders of business must be able to anticipate change, forecast trend, and develop a strategy to readily and successfully deal with the chaos created by change. In particular, despite the level of any individual company, strategic planning provides a company purpose and direction. Everyone in an organization needs to know what they are selling or doing, who the target customers are, and how the company competes in the marketplace. However, the company could even have the best strategic plan with all excellent ideas and clear vision but it could still fail to survive without the efforts and contributions in execution that plan from its own people. No great achievement has ever been the efforts of just one person. People need people. Many might take that for granted, but science has actually proven that people cannot successfully live alone (Bell 2008). For people to live and work with each other successfully there must be defined roles and responsibilities whether they exist within families, companies, or society as a whole. Wherever people live and work together, culture develops. Organizational culture refers to the beliefs, values and attitudes that define the



company and develops naturally, whether it is nourished or not. In the extent of this report, we are going to discuss the importance of organizational culture towards the strategic management.

## **2.0 Objectives**

- Discuss determinants of culture
- Factors that contribute towards the development of organisational culture
- Functions of organisational culture
- Issues in managing culture

## **3.0 MAIN CONTENT**

### **3.1 Determinants of culture**

Culture of an organization is a focus of study for many researchers these days. Culture of an

organization is a predictor of organizational environment, work climate, values of organization and its employees and overall profitability. "Practitioners and academics attempt to better understand the trends and changes in organizational culture because of their important ramifications on the daily operations of any corporation" (Lankford & Wimsatt, 1999). In simple terms, culture refers to shared values of people. Kuper's (1999) idea about culture is that It's "a matter of ideas and values, a collective cast of mind".

Cultures are often studied and understood at a national level, such as the American or French culture. Culture includes deeply held values, beliefs and assumptions, symbols, heroes, and rituals. Culture can be examined at an organizational level as well. The main distinction between organizational and national culture is that people can choose to join a place of work, but are usually born into a national culture. Determinants of organisation culture  
Organization culture can be a set of key values, assumptions, understandings and norms that is shared by members of an organization

Organization values are fundamental beliefs that an organization considers to be important, that are relatively stable over time, and they have an impact on employees behaviors and attitudes.

Organization Norms are shared standards that define what behaviours are acceptable and desirable within organization.

Shared assumptions are about how things are done in an organization. Understandings are coping with internal/ external problems uniformly. Organizational climate, on the other hand, is often defined as the recurring patterns of behavior, attitudes and feelings that characterize life in the organization, while an organization culture tends to be deep and stable. Although culture and climate are related, climate often proves easier to assess and change. At an individual level of analysis the concept is called individual psychological climate. These individual perceptions are often aggregated or collected for analysis and understanding at the team or group level, or the divisional, functional, or overall organizational level. Organizational climate measures attempts to assess organizations in terms of dimensions that are thought to capture or describe perceptions about the climate.

At the very onset of this topic, it is useful to distinguish determinants and dimensions of OC.

Determinants are the causes, while dimensions are the components of OC. You may say, determinants are those which influence whereas dimensions are those which are influenced.

Although OC refers to the internal environment of an organization, the nature of OC is determined by a variety of internal and external factors. One of the basis premises of organizational behavior is that outside environmental forces influence events within organizations. After acknowledging the dynamics of internal as well as external factors in this section, we will consider in greater detail the following seven internal factors. You will find these factors as determinants of OC in the following order:

1. Economic Condition
2. Leadership Style
3. Organizational Policies
4. Managerial Values
5. Organizational Structure
6. Characteristics of Members
7. Organizational Size

**Economic Conditions:** Several dimensions of OC are influenced by an organization's position on the economic cycle. The economic condition of any organization influences whether its budget should be "tight" or "loose". In times of prosperity- when budgets are more loose than

tight – the organizations tends to be more adventuresome. On the other hand, tight budget would lead to an air of caution and conservatism within an organization. Few managers are willing to suggest new programmes (probably deserving merit) when the order from above is to exercise tight control over expenses. So, dimensions of OC like “Risk-taking”, “Control”, Progressiveness and Development” etc. are directly influenced by economic conditions.

**Leadership Style:** The leadership style prevailing in an organization has a profound influence in determining several dimensions of OC. The influence is so pervasive that you may often wonder whether OC is product of the philosophy.

### **3.2 FACTORS THAT CONTRIBUTE TOWARDS THE DEVELOPMENT OF ORGANISATIONAL CULTURE**

There are various factors that contribute towards the development of organisational culture. These include: -

**Owner/Founder:** Often the owner or founder will have an enormous role in establishing its culture, although the impact will wane over time. Organisations dominated by the owner or founder will tend to have a power culture.

**Size:** Culture often changes as an organisation grows. For example, as the number of staff and functions of an organisation expand, a move towards role culture is often seen.

**Organisational Environment:** In a rapidly changing environment, task culture may be appropriate. In a static environment, role culture may be preferable. A challenging environment (for example, in times of dictatorship or other challenge, power culture may be appropriate.

**National Culture:** Different nationalities may work better in different organisational cultures.

### **3.3 FUNCTIONS OF ORGANISATIONAL CULTURE**

Different cultures may be appropriate for different functions or purposes. For example, as previously examined, a task culture may be more appropriate for campaigning and role culture for service delivery.

**Goals or Objectives:** Quality of service delivery is more likely to be achieved under role culture, whereas successful campaigning is more likely under task culture. A power or task culture is more appropriate for growth goals.

**Staff:** Different individuals prefer working under different organisational cultures. It may be counter-productive for an organisation to attempt culture change if key staff would feel uncomfortable or alienated in the desired culture.

**Technology:** The move towards increased use of technology tends to push organisations towards role culture, with associated procedures and protocols.

**Policies:** An organisation's policies also become part of its culture, and impact strongly on its work. It follows that these should be formulated and agreed carefully, with full staff consultation.

**Structure:** feelings about constraints and freedom to act and the degree of formality or informality in the working atmosphere.

**Responsibility:** the feeling of being trusted to carry out important work.

**Risk:** the sense of riskiness and challenge in the job and in the organization; the relative emphasis on taking calculated risks or playing it safe. Warmth - the existence of friendly and informal social groups.

**Support:** the perceived helpfulness of managers and co-workers; the emphasis (or lack of emphasis) on mutual support.

**Standards:** the perceived importance of implicit and explicit goals and performance standards; the emphasis on doing a good job; the challenge represented in personal and team goals.

**Conflict:** the feeling that managers and other workers want to hear different opinions; the emphasis on getting problems out into the open rather than smoothing them over or ignoring them.

**Identity:** the feeling that you belong to a company; that you are a valuable member of a working team.

**Autonomy:** the perception of self-determination with respect to work procedures, goals and priorities;

**Cohesion:** the perception of togetherness or sharing within the organization setting, including the willingness of members to provide material risk;

**Trust:** the perception of freedom to communicate openly with members at higher organizational levels about sensitive or personal issues, with the expectation that the integrity of such communications will not be violated;

**Resource:** the perception of time demands with respect to task competition and performance standards;

**Support:** the perception of the degree to which superiors tolerate members' behaviour, including willingness to let members learn from their mistakes without fear of reprisal.

**Recognition:** the perception that members' contributions to the organization are acknowledged.

### 3.4 ISSUES IN MANAGING CULTURE

If culture is important, is it possible to manage culture change? Culture change involves moving an organization on from one form of culture to another, often through a culture change programme. Managing this cultural change programme requires that attention be paid to a range of issues. Pettigrew et al., (2003) suggest a number of key factors:

- creating a receptive climate for change
- top leadership drive - coherent and cohesive
- requiring an articulate and precise vision from the top
- discrepant action to increase tension
- use of deviants and heretics
- new avenues for articulating problems
- reinforcing structural change and rewards
- use of role models
- deep socialisation, training and development
- new communication mechanisms to transmit new
- values and beliefs
- integrated selection criteria and removal of deviants
- luck, persistence and patience.

Hatch (1997), however, suggests that it is important to manage with cultural awareness rather than to directly manage the culture. There are, therefore, competing views in the literature as to the degree to which it is possible to manage culture. Some argue that culture can be directed and controlled, particularly by influential leaders. Others argue that directive, top down change is unlikely to be successful in the long run, and that managing culture is either not possible, or only possible if the complexity of reality is understood and change is progressed in a consensual and longer-term manner.

#### **4.0 Conclusion**

Organisational culture is a widely used term but one that seems to give rise to a degree of

ambiguity. Watson (2006) emphasises that the concept of culture originally derived from a metaphor of the organisation as 'something cultivated'. For the past number of decades, most academics and practitioners studying organisations suggest the concept of culture is the climate and practices that organisations develop around their handling of people, or to the promoted values and statement of beliefs of an organisation (Schein, 2004). Schein (2004) highlights that 'the only thing of real importance that leaders do is to create and manage culture; that the unique talent of leaders is their ability to understand and work with culture; and that it is an ultimate act of leadership to destroy culture when it is viewed as dysfunctional.

#### **5.0 Summary**

The foregoing analysis has enabled you to appreciate the fact that organizational determinant is a series of stages, which involve latent conflict, perceived conflict, felt conflict, manifest conflict, conflict resolution, and conflict aftermath, a process called conflict episode; a gradual escalation of conflict through the series of stages. From the preceding study unit, you observe that organizational conflict cannot be avoided or wished away by the management of any organization. Therefore, it is imperative that you should understand the nature of the available strategies through which organizational determinant can be managed and resolved by the management.

#### **6.0 Tutorial Assignment**

1. Discuss determinants of culture
2. Factors that contribute towards the development of organisational culture
3. Functions of organisational culture
4. Issues in managing culture

#### **7.0 References/Further Reading**

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## **UNIT 4**

## **CHANGING CULTURES**

### **Contents**

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- 3.0 Main Content
  - 3.1 The Nature of Organizational Change
  - 3.2 Planned Organisational Change
    - 3.2.1 Behaviour modification
    - 3.2.2 Systems Approach to Organisational Change
  - 3.3 Forces Shaping Change in Organizations
  - 3.4 Resistance to Change
    - 3.4.1 Individual Resistance
    - 3.4.2 Organisational Resistance
  - 3.5 The Management of Organizational Change
  - 3.6 Minimizing Problems of Change
- 4.0 Conclusion
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### **1.0 INTRODUCTION**

An organisation exists and operates within the broader external environment. Therefore, the structure and functioning of the organisation must reflect the nature of the environment in which it is operating. Environmental variables such as uncertain economic conditions, fierce world competition, the level of government intervention, scarcity of natural resources and rapid developments in new technology create an increasingly volatile environment. Hence, in order to help ensure its survival and future success the organisation must be readily adaptable to the external demands placed upon it.



This means that the organisation must expect and be responsive to change. This study unit is used to discuss the nature of organizational change and by extension, organizational development.

## **2.0 Objectives**

At the end of this unit, the learner should be able to:

- Explain the nature of organizational change
- Identify and discuss approaches to planned organizational change
- Mention and explain various forces that shape organizational change
- Discuss resistance to change in organization
- Discuss how problems of change can be minimized.
- Discuss management of organizational change and development.

## **3.0 MAIN CONTENT**

### **3.1 THE NATURE OF ORGANIZATIONAL CHANGE**

Organizational change can originate within the organisation itself but the main pressure of change is from external forces. Much of this change is part of a natural process of organizational life and operations. For example, change can occur in operational variables as material resources such as buildings, equipment or machinery deteriorate or lose efficiency; or as human resources get older, or as skills and abilities become outdated. You are aware that these changes can be mitigated and managed through careful planning; for example, regular repairs and maintenance; choice of introducing new technology or methods of work; effective human resource planning to prevent a large number of staff retiring at the same time; management succession planning; training and staff development.

As succinctly held by Mullins (2000), change is a pervasive influence. Change is an inescapable part of both social and organisational life. Due to its pervasive nature, change at anyone level is interrelated with changes at other levels. Therefore, it is the responsibility of the management team of any organization focus attention on the management of organisational change. Organisational change can be initiated deliberately by managers. Such organizational changes can evolve slowly within a department. It can also be imposed by specific changes in policy or

procedures, or it can arise through external pressures. Change can affect all aspects of the operation and functioning of the organisation.

### **3.2 PLANNED ORGANISATIONAL CHANGE**

According to Mullins (2000), most planned organisational change is triggered by the need to respond to new challenges or opportunities presented by the external environment, or in anticipation of the need to cope with potential future problems; for example, intended government legislation, a new product development by a major competitor or further technological advances. Planned change represents an intentional attempt to improve, in some important way, the operational effectiveness of the organisation. The basic underlying objectives can be seen in general terms as: modifying the behavioural patterns of members of the organisation; and improving the ability of the organisation to cope with changes in its environment.

#### **3.2.1 Behaviour Modification**

A programme of planned change and improved performance developed by Lewin (1951) the management of a three-phase process of behavior modification:

- **unfreezing** – reducing those forces which maintain behaviour in its present form, recognition of the need for change and improvement to occur;
- **movement** – development of new attitudes or behaviour and the implementation of the change;
- **refreezing** – stabilising change at the new level of reinforcement through supporting mechanisms, for example policies, structure or norms.

#### **3.2.2 Systems Approach to Organisational Change**

Mullins (2000) posits that one strategy of change is through the adoption of a systems approach.

The organisation can be viewed as a system and analysed in terms of its major interrelated variables (sub-systems). The variables can be identified in a number of ways including: task, technology, structure, people and management.

According to Mullins (2000), in practice, change in any one variable is likely to involve changes in the other variables. The implementation of change can be approached, therefore, in terms of a

choice of strategies relating to modifications of the task, the technology, the structure, the people or the management. Applying a systems approach managers understanding the interrelationships among all major variables (subsystem) of the organisation.

Wilson (1987) opines that overlooking the systems nature of organisations can result in the failure of even well-conceived change programmes. Wilson observes that no unit is an island, and changes planned for one part of an organisation invariably have knock-on effects on the other parts. According to Wilson, it is crucial in planning any changes to be aware of the likely impact of those changes on other parts of the organisation. If a change has an unanticipated effect on a unit, a considerable amount of resistance to the change will develop. It is better to consider the effects.

### **3.3 FORCES SHAPING CHANGE IN ORGANIZATIONS**

According to Hellreigal (1987), there are a wide range of forces acting upon organizations and which make the need for change inevitable. These forces of change can be grouped under five broad headings: changing technology, knowledge explosion, rapid product obsolescence, changing nature of the workforce, and quality of working life. These forces are discussed below.

**i. Changing technology:** The rate of technological change is greater now than at any time in the past for example, advances in information technology, automation and robotics.

**ii. Knowledge explosion:** The amount of knowledge is increasing continually; for example, the number of people in some form of education, the number of scientific journals and new books. With this knowledge explosion, knowledge in a particular field quickly becomes outdated or obsolete.

**iii. Rapid product obsolescence:** Changes in consumer preferences, together with rapidly changing technology, have shortened the life-cycle of many products and services. Many products and services available today did not exist a few years ago and many do not remain available for long.

**iv. Changing nature of the workforce:** This includes changes in the composition of the working population, broader educational opportunities, part-time working, changes in family lifestyles, and equal opportunities.

**v) Quality of working life:** Increased importance attached to the quality of working life has drawn attention to the satisfaction of people's needs and expectations at work; and to such factors as frustration and alienation, job design and work organisation, and styles of managerial behaviour. It has also drawn attention to relationships between the quality of working life and employee commitment, levels of work performance and productivity.

Stewart (1991) advances other factors that can cause organizational change. He describes how changes in organisations affect the kinds of jobs management that managers have to do and the nature of their lives and careers. He elaborates on these changes as follows:

**The changing nature of business:** The growth of service industries and the decline of manufacturing industries; more frequent changes in ownership through acquisition by another company including more foreign-controlled companies; public sector organisations affected by privatisation; the increasing globalisation of international companies.

**Changes in the composition of the workforce:** A higher proportion of staff employed for their knowledge rather than their brawn or skill; a declining number of school-leavers and an increasing number of older workers; the employment of more women; an increasing number of part-time members of (staff including better opportunities for women to return to work.

**Changes within organizations:** Many organisations becoming smaller although some are larger because of acquisitions; greater flexibility in the use of labour including distance working; changing relationships with staff including those engaged as sub-contractors, self-employed or agency temporaries; greater entrepreneurial activity in looking for new products and business opportunities.

As a result of these changes, Stewart suggests that older managers now work for very different kinds of organisations from those in which they first became managers.

Although hierarchies of authority will continue to exist in large organisations they will be shorter and there will be wider networking. There will be a smaller number of middle managers but with more responsible roles. Managers' jobs are more complex and demanding, and managers' careers are much less predictable. But managers now have a greater choice in their work and careers.

### **3.4 RESISTANCE TO CHANGE**

According to Stewart (1991), despite the potential positive outcomes, change is often resisted at both the individual and the organisational level. Resistance to change, or the thought of the

implications of the change appears to be a common phenomenon. People are naturally wary of change. 'Among many there is an uneasy mood a suspicion that change-is out of control.

Resistance to change can take many forms and it is often difficult to pinpoint the exact reasons for the resistance. The forces against change in work organisations include: ignoring the needs and expectations of members when members have insufficient information about the nature of the change; or if they do not perceive the need for change.

Fears may be expressed over such matters as employment levels and job security, deskilling of work, loss of job satisfaction, wage rate differentials, changes to social structures and working conditions, loss of individual control over work, and greater management control.

### **3.4.1 Individual Resistance**

Mullins (2000) identifies some common reasons for individual resistance to change within organisations include the following:

**Selective perception:** People's own interpretation of stimuli presents a unique picture or image of the 'real' world and can result in selective perception. This can lead to a biased view of a particular situation, which fits most comfortably into a person's own perception of reality, and can cause resistance to change. For example, trade unionists may have a stereotyped view of management as untrustworthy and therefore oppose any management change however well founded might have been the intention. Managers exposed to different theories or ideas may tend to categorise these as either those they already practised and have no need to worry about or those that are of practical value and which can be discarded are of no concern to them.

**Habit:** People tend to respond to situations in an established and accustomed manner. Habits may serve as a means of comfort and security, and as a guide for easy decision-making. Proposed changes to habits, especially if the habits are well established and require little effort, may well be resisted. However, If there is a clearly perceived advantage, for example a reduction in working hour without loss of pay, there is likely to be less, if any, resistance to the change, although some people may, because of habit, still find it difficult to adjust to the new times.

**Inconvenience or loss of freedom:** If the change is seen as likely to prove inconvenient, make life more difficult, reduce freedom of action or result in increased control, there will be resistance.

**Economic implications:** People are likely to resist change which is perceived as reducing either directly or indirectly their pay or other rewards, requiring an increase in work for the same level of pay or acting as a threat to their job security. People tend to have established patterns of working and a vested interest in maintaining the status quo.

**Security in the past:** There is a tendency for some people to find a sense of security in the past.

In times of frustration or difficulty, or when faced with new or unfamiliar ideas or methods, people may reflect on the past. There is a wish to retain old and comfortable ways. For example, in bureaucratic organisations, officials often tend to place faith in well-established ('tried and trusted') procedures and cling to these as giving a feeling of security.

**Fear of the unknown:** Changes which confront people with the unknown tend to cause anxiety or fear. Many major changes in a work organisation present a degree of uncertainty; for example, the introduction of new technology or methods of working. A person may resist promotion because of uncertainty over changes in responsibilities or the increased social demands of the higher position.

## **4.2 Organisational Resistance**

Mullins (2000) observed that although organisations have to adapt to their environment, they tend to feel comfortable operating within the structure, policies and procedures which have been formulated to deal with a range of present situations. To ensure operational effectiveness, organisations often set up defences against change and prefer to concentrate on the routine things they perform well. Some of the main reasons for organisational resistance against change are as follows:

**Maintaining stability:** Organisations; especially large-scale ones, pay much attention to maintaining stability and predictability. The need for formal organisation structure and the division of work, narrow definitions of assigned duties and responsibilities, established rules, procedures and methods of work, can result in resistance to change.

**Investment in resources:** Change often requires large resources which may already be committed to investments in other areas or strategies. Assets such as buildings, technology, equipment and people cannot easily be altered. For example, a car manufacturer may not find it easy to change to a socio-technical approach and the use of autonomous work groups because it cannot afford the cost of a new purpose-built plant and specialised equipment.

**Past contracts or agreements:** Organisations enter into contracts or agreements with other parties, such as the government, other organisations, trade unions, suppliers and customers. These contracts and agreements can limit changes in behaviour; for example, organisations operating under a special licence or permit, or a fixed-price contract to supply goods/services to a government agency. Another example might be an agreement with trade unions which limits the opportunity to introduce compulsory redundancies, or the introduction of certain new technology or working practices.

**Threats to power or influence:** Change may be seen as a threat to the power or influence of certain groups within the organisation, such as their control over decisions, resources or information. For example, managers may resist the introduction of quality circles or worker-directors because they set this as increasing the role and influence of non-managerial staff, and a threat to the power in their own positions. Where a group of people have, over a period of time, established what they perceive as their 'territorial rights', they are likely to resist change.

### **3.5 MANAGEMENT OF ORGANISTIONAL CHANGE**

You have seen from the preceding discussion that people tend to be resistant to change. It important, therefore, for management to adopt a clearly defined strategy for the initiation of change because the successful management of change is an increasingly important managerial responsibility.

According to Burnes (1992), new ideas and innovations should not be perceived as threats by members of the organisation. Therefore, the efforts made by management to maintain the balance of the socio-technical system will influence people's attitudes, the behavior of individuals and groups, and thereby the level of organisational performance and effectiveness.

#### **1. Understanding of Human Behaviour**

The effective management of change must be based on a clear understanding of human behaviour at work. Most people are not detached from their work but experience a range of emotional involvements through their membership of the organisation. People may also be concerned about the effects of change including the possible loss of financial needs, security, status or self-esteem. Organisational change can result in a feeling of a lack of identity, a lack of involvement, a lack of direction and a lack of affection (Burnes, 1992).

Most people feel threatened and disoriented by the challenge of change. Emotions such as uncertainty, frustration or fear are common reactions. It is understandable therefore that people often adopt a defensive and negative attitude, and demonstrate resistance to change.

Elliott (1990) explains change as a complex, psychological event. The power of change needs to be respected and managed. Managing change places emphasis on employee (and customer) needs as the highest priority. To be successful, organisations need a dedicated workforce and this involves the effective management of change. But not everyone reacts to change in the same way. Change impacts each person differently and management must accept the individual nature of change.

According to Elliott (1990), senior managers responsible for initiating a restructuring may be filled with great expectations. They do not see the sense of resistance and find it hard to accept the negative impact of change. But the change may mean inconvenience, uncertainty and loss for other people. Loss and grief are just as normal reactions to change as are excitement and anticipation.

## **2. Style of managerial behaviour**

Mullins (2000) observes that one of the most important factors in the successful implementation of organisational change is the style of managerial behaviour. In certain situations, and with certain members of staff, It may be necessary for management to make use of hierarchical authority and to attempt to impose change through a coercive, autocratic style of behaviour. Some members may actually prefer, and respond better, to a directed and controlled style of management.

In most cases, however, the introduction of change is more likely to be effective with a participative style of managerial behaviour. If staff are kept fully informed of proposals, are encouraged to adopt a positive attitude and have personal involvement in the implementation of the change, there is a greater likelihood of their acceptance of the change.

According to Hersey (1988), with the participative change cycle, a significant advantage is that once the change is accepted it tends to be long lasting. Since everyone has been involved in the development of the change, each person tends to be more highly committed to its implementation. The disadvantage of participative change is that it tends to be slow and evolutionary; it may take years to implement a significant change. An advantage of directive change, on the other hand, is speed. Using position power, leaders can often impose change



immediately. A disadvantage of this change strategy is that it tends to be volatile. It can be maintained only as long as the leader has position power to make it stick. It often results in animosity, hostility, and, in some cases, overt and covert behavior to undermine and overthrow.

### **3.6 MINIMIZING PROBLEMS OF CHANGE**

According to Mullins (2000), activities managed on the basis of technical efficiency alone are unlikely to lead to optimum improvement in organisational performance. A major source of resistance to change arises from the need of organisations to adapt to new technological developments.

The following principles on how to minimise the problems of change are applicable to management of change arising from other factors.

**i) An important priority is to create an environment of trust and shared commitment, and to involve staff in decisions and actions which affect them.**

There is a considerable body of research and experience which demonstrates clearly the positive advantages to be gained from participation. Government is desirous of participation which implores all companies to revise annually the steps taken to introduce, maintain or develop arrangements of employee consultation and involvement, information sharing, employee share schemes and related matters. It is important to remember, however, that the implications of information technology will need to be faced even by small organisations.

**ii) There should be full and genuine participation of all staff concerned as early as possible, preferably well before the actual introduction of new equipment or systems.**

Information about proposed change, its implications and potential benefits should be communicated clearly to all interested parties. Staff should be actively encouraged to contribute their own ideas, suggestions and experiences, and to voice openly their worries or concerns. Managers should discuss problems directly with staff and handle any foreseen difficulties in working practices or relationships by attempting to find solutions agreed with them. The use of working parties, liaison committees, steering groups and joint consultation may assist discussion and participation, and help to maintain the momentum of the change process.

**iii) Team management, a co-operative spirit among staff and unions and a genuine feeling of shared involvement will help create a greater willingness to accept change.**

A participative style of managerial behaviour which encourages supportive relationships between superiors and subordinates, and group methods of organisation, decision-making and supervision, are more likely to lead to a sustained improvement in work performance.

A system of Management by Objectives (MBO) may allow staff to accept greater responsibility and to make a higher level of personal contribution. Participation is inherent if MBO is to work well, and there is an assumption that most people will direct and control themselves willingly if they share in the setting of their objectives.

**iv) As part of the pre-planning for new technology there should be a carefully designed 'personnel management action programme'.**

The development of information technology together with the growth of service organisations may, in the longer term, lead to the creation of new jobs. However, it must be recognised that the extra efficiency of new technology and automation can result in the more immediate consequence of job losses. The action programme should be directed to a review of: recruitment and selection; natural wastage of staff; potential for training, retraining and the development of new skills; and other strategies to reduce the possible level of redundancies or other harmful effects on staff.

Where appropriate, arrangements for a shorter working week, and redeployment of staff with full financial support, should be developed in full consultation with those concerned. If job losses are totally unavoidable, there should be a fair and equitable redundancy scheme and provision for early retirement with protected pension rights. Every possible financial and other support should be given in assisting staff to find suitable alternative employment.

**v) The introduction of incentive payment schemes may help-in motivating staff by an equitable allocation of savings which results in new technology and more efficient methods of work.**

Incentive schemes may be on an individual basis, with bonuses payable to each member of staff according to effort and performance; or on a group basis, where bonus is paid to staff in relation to the performance of the group as a whole. An alternative system is measured day work' Staff receive a regular, guaranteed rate of pay in return for an agreed quantity and quality of work based on the capabilities of new equipment and systems.

Management may also be able to negotiate a productivity bargain with unions. By accepting changes in work methods and practices, staff share in the economic benefits gained from the improved efficiency of information technology and automated systems.

#### **4.0 CONCLUSION**

We have discussed in this study unit that organisational change can be initiated deliberately by managers. Such organizational changes can be imposed by specific changes in policy or procedures, or it can arise through external pressures. Change can affect all aspects of the operation and functioning of the organisation. In the process of change, there is bound to be some resistance from the organizational members. It is important, therefore, for management to adopt a clearly defined strategy for the initiation of change because the successful management of change is an increasingly important managerial responsibility.

#### **5.0 SUMMARY**

This study unit has been used to discuss:

- the nature of organizational change
- approaches to planned organizational change
- various forces that shape organizational change
- resistance to change in organization

#### **6.0 TUTOR-MARKED ASSIGNMENT**

What are the various ways through which problems of change can be minimized?

#### **7.0 REFERENCES/ FURTHER READING**

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