COURSE
GUIDE

BUS804
STRATEGY AND STRUCTURE

Course Team   Dr. Olusegun Adeleke Adenuga
                       (Course Developer/Writer) - (NOUN)
                       Dr. Eunice Adegbola (Co-Writer) – NOUN
                       Dr. Daha Tijjani Abdurrahman (Course Reviewer)
                       – NOUN
                       Prof. Timothy Ishola (Content Editor) – NOUN

NATIONAL OPEN UNIVERSITY OF NIGERIA

CONTENT

Introduction

Course Content

Course Aims

Course Objectives

Working through This Course

Course Materials

Study Units

Textbooks and References

Assignment File

Presentation Schedule

Assessment

Tutor-Marked Assignment (TMAs)

Final Examination and Grading

Course Marking Scheme

Course Overview

How to Get the Most from This Course

Tutors and Tutorials

Summary

Course Material

The major component of the course, what you have to do and how you should allocate your time to each unit in order to complete the course successfully on time are listed follows:

1. Course guide

2. Study unit

3. Textbook

4. Assignment file

5. Presentation schedule

Study Unit

There are 15 units in this course which should be studied carefully and diligently.

MODULE ONE   STRATEGIC MANAGEMENT

Unit 1:   Definition of Strategic Management

Unit 2:   Corporate Strategy

Unit 3:   Concepts of Strategy

Unit 4:   Corporate Planning Contents

Unit 5:   Organizational Structures and Effectiveness

MODULE TWO   TECHNIQUES OF DELEGATION IN AN ORGANIZATION

Unit 1:   Techniques of Delegation

Unit 2:   Corporate Mission and Vision Statements

Unit 3:   Organizational Core Values

Unit 4:   Change Management

Unit 5:   Communications Planning in Organization

MODULE THREENEED FOR ORGANIZATIONAL STRUCTURE

Unit 1:   Definition of Need for Organizational Structure

Unit 2:   Organization Theories and Application

Unit 3:   Organizational Change

Unit 4:   Organizational Justice

Unit 5:   Forms of Organizational Structure

Each study unit will take at least two hours, and it include the introduction, objective, main content, self-assessment exercise, conclusion, summary and reference. Other areas border on the Tutor-Marked Assessment (TMA) questions. Some of the self-assessment exercise will necessitate discussion, brainstorming and argument with some of your colleges. You are advised to do so in order to understand and get acquainted with historical economic event as well as notable periods.

There are also textbooks under the reference and other (on-line and off-line) resources for further reading. They are meant to give you additional information if only you can lay your hands on any of them. You are required to study the materials; practice the self-assessment exercise and tutor-marked assignment (TMA) questions for greater and in-depth understanding of the course. By doing so, the stated learning objectives of the course would have been achieved.

Textbook and References

For further reading and more detailed information about the course, the following materials are recommended:

Aminu, S.A. (2006). Marketing Management: Planning and Control; Sundoley Press Nigeria Limited, Lagos, Nigeria.

Abell D.F. (1980). Defining the Business: the Starting Point of Strategic Planning, Englewood Cliffs N.J. Prentice Hall.

Ansoff, 11.1. (1957). "Strategies for Diversification", Harvard Business Review, vol.25, No.5, Oxford: Butterworth Hienemann, Third Edition.

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

Ashforth, B.E., & Mael, F. (1989). Social identity theory and the organization. Academy of Management Review, (14) 20–39.

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

Andrews, K. (1980). The Concept of Corporate Strategy, 2nd Edition. Dow-Jones Irwin.

Adams, J.S. (1965). Toward an understanding of inequity. *Journal of Abnormal and Social Psychology, 67*, 422–436.

Bies, R.J., & Moag, J.S. (1986). Interactional justice: Communication criteria of fairness. In R. J.

Lewicki, B.H. Sheppard, & B.H. Baseman (Eds.), *Research on negotiation in organizations* (Vol. 1, ppl. 43–55). Greenwich, CT: JAI Press.

Bryson, J.M. (1995). Strategic Planning for Public and Nonprofit Organizations. Jossey- Bass.

Berkowitz, W.R, & Wolff, T.J. (1999). The spirit of coalition building. Washington, D.C. American Public Health Association.

Bansal, P. (2003). From Issues to Actions: The Importance of Individual Concerns and Organizational Values in Responding to Natural Environmental Issues. Organization Science, 14(5), 510–527.

Bailey, J. (1996). "Measuring Your Mission." Management Accounting (USA). 78 (6) 44-46 [Online]. www.web1.infotrac.galegroup.com

Bart, C. (1998). "Mission Matters." The CPA Journal. v68 n8 p56-57. [Online].

   www.web1.infotrac.galegroup.com

Berkowitz, W., & Wolff, T. (1999). The spirit of coalition building. Washington, DC: American Public Health Association.

Cohen-Charash, Y., & Spector, P.E. (2001). The role of justice in organizations: A meta-   analysis. Organizational Behavior and Human Decision Processes, 86, 278–321.

Charles Perrow (2000). The Analysis of Goals in Complex Organisation: Amenrican Sociology Review Vol. 26pp.854-866.

Canary, H. (2011). *Communication and organizational knowledge: Contemporary issues for theory and practice*. Florence, KY: Taylor & Francis.

Cheney, G. (2011). *Organizational communication in an age of globalization: Issues, reflections, practice*. Long Grove, IL: Waveland Press.

Chandler, A. Jr. (1962). Strategy and Structure: Chapters in the History of the American Industrial Enterprise. MIT.

Cingula, M. (1992). Organizacijska kultura v implementaciji poslovne strategije. In

   Organizacija, informatika, kadri, 11. posvetovanje organizatorjev dela. Portorož, Slovenia: FOV.

Dwivedi R.S. (2017). Human Relations and Organizational Behaviour – A Global Perspective, Macmillan, Delhi.(Recent Edition)

Drohan, W. (1999). "Writing a Mission Statement." Association Management. v51 p117.   Online]. www.web1.infotrac.galegroup.com

Delegation in management: definition & explanation. Retrieved from

   http://study.com/academy/lesson/delegationin-management-definition-lesson-quiz.html

Esosa Bob Osaze. (1993). Nigeria Corporate Policy and Strategic Management-Text and Cases, pp.40-46

Five steps to effective delegation working with your colony. Retrieved from

       http://www.akpsi.org/document.doc?id=410

Formal and informal organization: features, advantages and disadvantages. Retrieved from http://www.yourarticlelibrary.com/organization/formal-and-informal-organization-features advantagesand-disadvantages/8654/

Greenberg, J., & Baron, R.A. (2010). *Behavior in organizations* (10th ed.). Upper Saddle River, NJ: Pearson/Prentice Hall. FRED C. LUNENBURG

Gerbner, G. (1956). "Toward a General Model of Communication". Audio Visual Communication Review. 4 (3): 171–199. ISSN 0885-727X. JSTOR 30218421

Holmes, D. (2005). Communication Theory: Media, Technology and Society. SAGE. pp. 57–   8. ISBN 9780761970705.

Hitt, I., & Hoskinson, (2003). Strategic Management Competitiveness and Globalization, 2nd Ed. Pp 351-400

Hanks, G. (2016). what is differentiation & integration in organization development? Retrieved from http://smallbusiness.chron.com/differentiation-integration-organization-development-70838.html

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

Jennifer, M.G., & Gareth, R.J. (1999). Understanding and Managing Organizational Behavior, Addisson, Wesley Publishing Company, New York. (Recent Edition).

John Mullins, Orville Walker, Jr., Harper Boyd, Jean-Claude Larreche. (2001). Marketing Management: A Strategic Decision-Making Approach, McGraw-Hill/Irwin.

John, M.I., & Michael, T.M. (2001). Organizational Behavior and Management, Irwin, Chicago. (Recent Edition).

John, W.N., & Keith. D. (2000). Organizational Behavior, Tata McGraw, Hill Publishing Company Ltd, New Delhi. (Recent Edition).

Kabanoff, B., Waldersee, R., & Cohen, M. (1995). Espoused values and organizational change themes. Academy of Management Journal, 38(4): 1075-1104

Lassere, P. (1995). Corporate Strategies For Asia Pacific Region, Long Range Planning 28,(1) 13-30.

Lassere, Phillipi (1995). Corporate Strategies for Asia Pacific Region, Long Range Planning. 28, (1) 13-30

Leventhal, G.S. (1980). What should be done with equity theory? New approaches to the study of fairness in social relationships. In K. Gergen, M. Greenberg, & R. Willis (Eds.), *Social exchange: Advances in theory and research* (pp. 27–55). New York: Plenum.

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.

Musek Lešnik, K. (2006). Pomen organizacijskih vrednot za podjetje. Retrieved from: http://www.ipsos.si/web-data/Templates/podjetje-vrednotepomenorganizacijskihvrednotzapodjetje.html

Mintzberg, H. (1994). The Rise and Fall of Strategic Planning. Basic Books. Porter, M. (1986). Competitive Strategy. Harvard Business School Press.

Olayinka, K., & Aminu, S.A. (2006). Marketing Management: Planning and Control. Sundoley Press Nigeria Limited, Lagos, Nigeria. Pp 321-326.

Osuagum, L. (1999). Marketing Principles and Management, Grey Resourced Ltd, Lagos, Nigeria. Pp336

Pierce and Robinson, Strategic Management, Formulation, Implementation and Control, 6th Ed, Elwin, p. 240-249

Peter, F.D. (1999). Practice of Management, Harper & Row, N.Y., pp.30-37

Payne, T. (1996). "Mission/Purpose." Managers Handbook. v1 p6. [Online].

    www.web1.infotrac.galegroup.co

Parag Gogate (2018). Six key factors in successful change. Retrieved on June 28, 2021 from

    https://www.apm.org.uk/blog/successful-change-6-key-factors/

Pettigrew, A.M. (1979). On studying organizational cultures. Administrative Science Quarterly, 24: 570–581.

Robbins, J.M., Ford M.T., & Tetrick, L.E. (2012). Perceived unfairness and employee health: A meta-analytic integration. *Journal of Applied Psychology, 97*, 235–272.

Rubenstein, A.L., Eberly, M.B., Lee, T.W., & Mitchell, T.R. (2017). Surveying the forest: A meta-analysis, moderator investigation, and future-oriented discussion of the antecedents of voluntary employee turnover. *Personnel Psychology, 71*, 1–43.

Rupp, D.E., Shao, R., Jones, K.S., & Liao, H. (2014). The utility of a multifoci approach to the study of organizational justice: A meta-analytic investigation into the consideration of normative rules, moral accountability, bandwidth-fidelity, and social exchange. *Organizational Behavior and Human Decision Processes, 123*, 159–185.

Reimann, B.C. (1995). Leading Strategic Change: Innovation, Value, Growth. Planning Review   23.

Reimann, B.C (1995). Leading Strategic Change: Innovation, Value, Growth, Planning Review 23 (September/October)

Revenio, C., & Jalagat, J.R. (2016). The Impact of Change and Change Management in Achieving Corporate Goals and Objectives: Organizational Perspective. International Journal of Science and Research (IJSR). 5. 1233-1239.

Stouten, Jeroen & Rousseau, Denise & Cremer, David. (2018). Successful Organizational Change: Integrating the Management Practice and Scholarly Literatures. Academy of Management Annals. 12.

Stephen, P.R. (1987). Organization Behavior, Prentice Hall of India, New Delhi. (Recent Edition).

Steven, L.M., & Mary An Von Glinow (2012). Organizational Behavior, Tata McGraw Hill Publishing Company Limited, New Delhi (Recent Edition).

Stone, R. (1996). "Mission Statements Revisited." SAM Advanced Management Journal. 61 (1). 31-37. [Online]. www.web1.infotrac.galegroup.com.

Simmerly, R.G. (1987). Strategic planning and leadership in continuing education. San Francisco, USA: Jossey-Bass Publishers.

Svetlik, I. (2004). Vrednote v organizacijah. In B. Malnar & I. Bernik (Ed.) S Slovenkami in Slovenci na štiri oči. Ljubljana, Slovenia: Fakulteta za družbene vede.

Steiner, G. (1979). Strategic Planning. Free Press.

Tregoe, B., & Zimmerman, J. (1980). Top Management Strategy. Simon and Schuster.

Types of Organizations. Retrieved from http://smallbusiness.chron.com/different-types- organizational-structure723.html

Unterman, I. & Davis, R.H. (1984). Strategic management of not-for-profit organizations: From survival to success. New York, NY: Praeger.

Walsh, K.I., Hinings, C.R., Greenwood, R., & Ranson, S. (1981). Power and advantage in organizations. Organization Studies 2, 131–152.

Waldo, Dwight. (1978). "Organization Theory: Revisiting the Elephant." *Public Administration Review* 38(November/December). p. 597

Weber, Max. (1905). *The Protestant Ethic and the Spirit of Capitalism*. via Marxists Internet Archive, the effects of explanations. Journal of Applied Psychology, 88, 444–458.

Wilson, R.M.S., & Gilligan, C. (1997). Strategic Marketing Management, Planning, Implementation and Control, Butter Hienemann.

Assignment File

Assignment files and marking scheme will be made available to you. This file presents you with details of the work you must submit to your tutor for marking. The marks you obtain from these assignments shall form part of your final mark for this course. Additional information on assignments will be found in the assignment file and later in this Course Guide in the section on assessment.

There are four assignments in this course. The four course assignments will cover:

Assignment 1 - All TMAs' question in Units 1 – 5 (Module 1)

Assignment 2 - All TMAs' question in Units 6 – 10 (Module 2)

Assignment 3 - All TMAs' question in Units 11 – 15 (Module 3)

Presentation Schedule

The presentation schedule included in your course materials gives you the important dates for this year for the completion of tutor-marking assignments and attending tutorials. Remember, you are required to submit all your assignments by due date. You should guide against falling behind in your work.

Assessment

There are two types of the assessment of the course. First are the tutor-marked assignments; second, there is a written examination.

In attempting the assignments, you are expected to apply information, knowledge and techniques gathered during the course. The assignments must be submitted to your tutor for formal Assessment in accordance with the deadlines stated in the Presentation Schedule and the Assignments File. The work you submit to your tutor for assessment will count for 30 % of your total course mark.

At the end of the course, you will need to sit for a final written examination of three hours' duration. This examination will also count for 70% of your total course mark.

Tutor-Marked Assignments (TMAs)

There are four tutor-marked assignments in this course. You will submit all the assignments. You are encouraged to work all the questions thoroughly. The TMAs constitute 30% of the total score.

Assignment questions for the units in this course are contained in the Assignment File. You will be able to complete your assignments from the information and materials contained in your set books, reading and study units. However, it is desirable that you demonstrate that you have read and researched more widely than the required minimum. You should use other

references to have a broad viewpoint of the subject and also to give you a deeper understanding of the subject.

When you have completed each assignment, send it, together with a TMA form, to your tutor. Make sure that each assignment reaches your tutor on or before the deadline given in the Presentation File. If for any reason, you cannot complete your work on time, contact your tutor before the assignment is due to discuss the possibility of an extension. Extensions will not be granted after the due date unless there are exceptional circumstances.

Final Examination and Grading

The final examination will be of three hours' duration and have a value of 70% of the total course grade. The examination will consist of questions which reflect the types of self-assessment practice exercises and tutor-marked problems you have previously encountered. All areas of the course will be assessed

Revise the entire course material using the time between finishing the last unit in the module and that of sitting for the final examination to. You might find it useful to review your self-assessment exercises, tutor-marked assignments and comments on them before the examination. The final examination covers information from all parts of the course.

Course Marking Scheme

The Table presented below indicates the total marks (100%) allocation.

Assignment	Marks
Assignments (Three assignments that is marked)	30%
Final Examination	70%
Total	**100%**

Course Overview

The Table presented below indicates the units, number of weeks and assignments to be taken by you to successfully complete the course, Strategy and Structure (BUS804).

Units	Title of Work	Week's Activities	Assessment (end of unit)
	Course Guide		
Module 1	**Strategic Management**		
1	Definition of Strategic Management	Week 1	Assignment 1
2	Corporate Strategy	Week 2	Assignment 1
3	Concepts of Strategy	Week 3	Assignment 1
4	Corporate Planning Contents	Week 4	Assignment 1
5	Organizational Structures and Effectiveness	Week 5	Assignment 1
Module 2	**Techniques of Delegation in an Organization**		
1	Techniques of Delegation	Week 6	Assignment 2
2	Corporate Mission and Vision Statements	Week 7	Assignment 2
3	Organizational Core Values	Week 8	Assignment 2
4	Change Management	Week 9	Assignment 2
5	Communications Planning in Organization	Week 10	Assignment 2
Module 3	**Need for Organizational Structure**		
1	Definition of Need for Organizational Structure	Week 11	Assignment 3
2	Organization Theories and	Week 12	Assignment 3

	Application		
3	Organizational Change	Week 13	Assignment 3
4	Organizational Justice	Week 14	Assignment 3
5	Forms of Organizational Structure	Week 15	Assignment 3
	Total	**15 Weeks**	

How to Get the Most from This Course

In distance learning the study units replace the university lecturer. This is one of the great advantages of distance learning; you can read and work through specially designed study materials at your own pace and at a time and place that suit you best.

Think of it as reading the lecture instead of listening to a lecturer. In the same way that a lecturer might set you some reading to do, the study units tell you when to read your books or other material, and when to embark on discussion with your colleagues. Just as a lecturer might give you an in-class exercise, your study units provides exercises for you to do at appropriate points.

Each of the study units follows a common format. The first item is an introduction to the subject matter of the unit and how a particular unit is integrated with the other units and the course as a whole. Next is a set of learning objectives. These objectives let you know what you will be able to do by the time you have completed the unit.

You should use these objectives to guide your study. When you have finished the unit you must go back and check whether you have achieved the objectives. If you make a habit of doing this you will significantly improve your chances of passing the course and getting the best grade.

The main body of the unit guides you through the required reading from other sources. This will usually be either from your set books or from a readings section. Some units require you to undertake practical overview of historical events. You will be directed when you need to embark on discussion and guided through the tasks you must do.

The purpose of the practical overview of some certain historical economic issues are in twofold. First, it will enhance your understanding of the material in the unit. Second, it will give you practical experience and skills to evaluate

economic arguments, and understand the roles of history in guiding current economic policies and debates outside your studies. In any event, most of the critical thinking skills you will develop during studying are applicable in normal working practice, so it is important that you encounter them during your studies.

Self-assessments are interspersed throughout the units, and answers are given at the ends of the units. Working through these tests will help you to achieve the objectives of the unit and prepare you for the assignments and the examination. You should do each self-assessment exercises as you come to it in the study unit. Also, ensure to master some major historical dates and events during the course of studying the material.

The following is a practical strategy for working through the course. If you run into any trouble, consult your tutor. Remember that your tutor's job is to help you. When you need help, don't hesitate to call and ask your tutor to provide it.

1. Read this Course Guide thoroughly.
2. Organize a study schedule. Refer to the `Course overview' for more details. Note the time you are expected to spend on each unit and how the assignments relate to the units. Important information, e.g. details of your tutorials, and the date of the first day of the semester is available from study centre. You need to gather together all this information in one place, such as your dairy or a wall calendar. Whatever method you choose to use, you should decide on and write in your own dates for working breach unit.
3. Once you have created your own study schedule, do everything you can to stick to it. The major reason that students fail is that they get behind with their course work. If you get into difficulties with your schedule, please let your tutor know before it is too late for help.
4. Turn to Unit 1 and read the introduction and the objectives for the unit.
5. Assemble the study materials. Information about what you need for a unit is given in the `Overview' at the beginning of each unit. You will also need both the study unit you are working on and one of your set books on your desk at the same time.
6. Work through the unit. The content of the unit itself has been arranged to provide a sequence for you to follow. As you work through the unit you will be instructed to read sections from your set books or other articles. Use the unit to guide your reading.
7. Up-to-date course information will be continuously delivered to you at the study centre.
8. Work before the relevant due date (about 4 weeks before due dates), get the Assignment File for the next required assignment. Keep in mind that

you will learn a lot by doing the assignments carefully. They have been designed to help you meet the objectives of the course and, therefore, will help you pass the exam. Submit all assignments no later than the due date.

9. Review the objectives for each study unit to confirm that you have achieved them. If you feel unsure about any of the objectives, review the study material or consult your tutor.

10. When you are confident that you have achieved a unit's objectives, you can then start on the next unit. Proceed unit by unit through the course and try to pace your study so that you keep yourself on schedule.

11. When you have submitted an assignment to your tutor for marking do not wait for it return `before starting on the next units. Keep to your schedule. When the assignment is returned, pay particular attention to your tutor's comments, both on the tutor-marked assignment form and also written on the assignment. Consult your tutor as soon as possible if you have any questions or problems.

12. After completing the last unit, review the course and prepare yourself for the final examination. Check that you have achieved the unit objectives (listed at the beginning of each unit) and the course objectives (listed in this Course Guide).

Tutors and Tutorials

There are some hours of tutorials (2-hours sessions) provided in support of this course. You will be notified of the dates, times and location of these tutorials. Together with the name and phone number of your tutor, as soon as you are allocated a tutorial group.

Your tutor will mark and comment on your assignments, keep a close watch on your progress and on any difficulties you might encounter, and provide assistance to you during the course. You must mail your tutor-marked assignments to your tutor well before the due date (at least two working days are required). They will be marked by your tutor and returned to you as soon as possible.

Do not hesitate to contact your tutor by telephone, e-mail, or discussion board if you need help. The following might be circumstances in which you would find help necessary. Contact your tutor if.

• You do not understand any part of the study units or the assigned readings

• You have difficulty with the self-assessment exercises

• You have a question or problem with an assignment, with your tutor's comments on an assignment or with the grading of an assignment.

You should try your best to attend the tutorials. This is the only chance to have face to face contact with your tutor and to ask questions which are answered instantly. You can raise any problem encountered in the course of your study. To gain the maximum benefit from course tutorials, prepare a question list before attending them. You will learn a lot from participating in discussions actively.

Summary
On successful completion of the course, you would have developed critical thinking skills with the material necessary for efficient and effective discussion on macroeconomic issues: national income analysis, monetary issue, government expenditure and macroeconomics in open economy. However, to gain a lot from the course please try to apply anything you learn in the course to term papers writing in other economic development courses. We wish you success with the course and hope that you will find it fascinating and handy.

CONTENTS   **PAGE**

MODULE ONE   STRATEGIC MANAGEMENT

Unit 1:   DEFINITION OF STRATEGIC MANAGEMENT

Unit Structure

1.1 Introduction

Strategy and structure are two independent elements in business that are somewhat co-dependent. The strategy which is created often determines the structural elements associated with the business. Some businesses also use the inverse and shape strategy, which is based on structure. Combining these forces effectively leads to a cohesive business model that functions to achieve common goals.

1.2   Learning Outcomes

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

- discuss what strategic planning is all about
- demonstrate the essence of good planning in an organization
- evaluate limitations of organizational strategy

1.3   Title of the main section: (Definition of Strategic Management)

Strategic management is the ongoing planning, monitoring, analysis and assessment of all necessities an organization needs to meet its goals and objectives. Changes in business environments will require organizations to constantly assess their strategies for success. The strategic management process helps organizations take stock of their present situation, chalk out strategies, deploy them and analyze the effectiveness of the implemented management strategies. Strategic management strategies consist of five basic strategies and can differ in implementation depending on the surrounding environment. Strategic management applies both to on-premise and mobile platforms.

Self-Assessment Exercise 1

Provide other definitions of Strategic Management

1.3.1   Definition of Strategy

The word "strategy" is derived from the Greek word "strategos"; stratus (meaning army) and "ago" (meaning leading/moving).

Strategy is an action that managers take to attain one or more of the organization's goals.

Strategy can also be defined as "A general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process".

A strategy is all about integrating organizational activities and utilizing and allocating the scarce resources within the organizational environment so as to meet the present objectives.

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.

Kenneth Andrews, long-time Harvard professor and editor of the Harvard Business Review, published the first edition of The Concept of Corporate Strategy in 1971 and updated it in 1980. His published definition of strategy took this form in the 1980 edition: "the pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans for achieving those goals, and defines the range of businesses the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities." (Andrews' definition of strategy is rather all-encompassing and is perhaps best viewed as a variation on the military notion of "grand strategy".)

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.

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.

Self-Assessment Exercise 2

Provide Some definitions of strategy as offered by various writers

1.3.2 Plans and Planning

Plans of action, whether for business or the battlefield, 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.

Levels of Strategic Management

i. Corporate Level Strategy

At the corporate level, strategies are formulated according to organization wise polices. These are value oriented, conceptual and less concrete than decisions at the other two levels. These are characterized by greater risk, cost and profit potential as well as flexibility. Mostly, corporate level strategies are futuristic, innovative and pervasive in nature. They occupy the highest level of strategic decision making and cover the actions dealing with the objectives of the organization. Such decisions are made by top management of the firm. The example of such strategies includes acquisition decisions, diversification, structural redesigning etc. The board of Directors and the Chief Executive Officer are the primary groups involved in this level ofstrategy making. In small and family owned businesses, the entrepreneur is both the general manager and chief strategic manager.

ii. Business Level Strategy

The strategies formulated by each SBU to make best use of its resources given the environment it faces, come under the account of business level strategies. At such a level, strategy is a comprehensive plan providing objectives for SBUs, allocation of resources among functional areas and coordination between them for achievement of corporate level objectives. These strategies operate within the overall organizational strategies i.e. within the broad constraints and polices and long term objectives set by the corporate strategy. The SBU managers are involved in this level of strategy. The strategies are related with a unit within the organization. The SBU operates within the

defined scope of operations by the corporate level strategy and is limited by the assignment of resources by the corporate level. However, corporate strategy is not the sum total of business strategies of the organization. Business strategy relates with the "how" and the corporate strategy relates with the "what"' Business strategy defines the choice of product or service and market of individual business within the firm. The corporate strategy has impact on business strategy.

iii. Functional Level Strategy

This strategy relates to a single functional operation and the activities involved therein. This level is at the operating end of the organization. The decisions at this level within the organization are described as tactical. The strategies are concerned with how different functions of the enterprise like marketing, finance, manufacturing etc. contribute to the strategy of other levels. Functional strategy deals with a relatively restricted plan providing objectives for specific function, allocation of resources among different operations within the functional area and coordination between them for achievement of SBU and corporate level objectives. Sometimes a fourth level of strategy also exists. This level is known as the operating level. It comes below the functional level strategy and involves actions relating to various sub functions of the major function. For example, the functional level strategy of marketing function is divided into operating levels such as marketing research, sales promotion etc.

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 when. 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.

Self-Assessment Exercise 3

Discuss the three levels of strategy

1.3.3 Strategic Planning

Strategic planning is a defined, recognizable set of activities. Techniques vary with the particular author but the substantive issues are essentially the same across authors. 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 (one very specific method of policy or strategy deployment is known as Hoshin Kanri, a technique developed by the Japanese and subsequently used successfully by some American businesses, most notably Hewlett Packard)

- 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

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

Self-Assessment Exercise 4

Give at least 2 definitions of strategic planning

1.3.4   Importance of Strategic Management in an organization

Planning or structuring a system includes a lot of problem and asset evaluation, approaches to counter the dangers, and successful use of assets, all while attempting to accomplish a big reason.

Strategic Management and the job it plays in the achievements of firms has been a subject of exhaustive research and concentrate for a broad time frame now.

Strategic Management in an organisation guarantees that objectives are set, essential issues are laid out, time and assets are rotated, working is united, the inside condition is set towards accomplishing the targets, outcomes and results are agreed upon, and the organisation stays adaptable towards any outside changes.

Remembering the long haul advantages to organisations, key planning drives them to concentrate on the inner condition through empowering and setting difficulties for employees, helping them accomplish individual just as authoritative targets. Simultaneously, outside difficulties are guaranteed to be dealt with, adverse circumstances are handled, and threats are analysed to turn them into potential opportunities.

Self-Assessment Exercise 5

Discuss some of the importance of strategic management

1.3.5   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

1.4   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

Self-Assessment Exercise 6

List other benefits of good planning

1.5   Limitations of strategic planning in an organization

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 7

Give five (5) advantages and disadvantages of strategic planning in an organization

1.6   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.

1.7   References/Further Readings/Web Resources

Andrews, K. (1980). The Concept of Corporate Strategy, 2nd Edition. Dow-Jones Irwin.

Bryson, J.M. (1995). Strategic Planning for Public and Nonprofit Organizations. Jossey- Bass.

Chandler, A. Jr. (1962). Strategy and Structure: Chapters in the History of the American

Industrial Enterprise. MIT.

Mintzberg, H. (1994). The Rise and Fall of Strategic Planning. Basic Books. Porter, M. (1986).

Competitive Strategy. Harvard Business School Press.

Steiner, G. (1979). Strategic Planning. Free Press.

Tregoe, B., & Zimmerman, J. (1980). Top Management Strategy. Simon and Schuster.

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE1

Strategic Management is all about identification and description of the strategies that managers can carry so as to achieve better performance and a competitive advantage for their organization.

An organization is said to have competitive advantage if its profitability is higher than the average profitability for all companies in its industry.

Strategic management can also be defined as a bundle of decisions and acts which a manager undertakes and which decides the result of the firm's performance.

Answer to SAE2

Strategy is an action that managers take to attain one or more of the organization's goals.

Strategy can also be defined as "A general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process".

A strategy is all about integrating organizational activities and utilizing and allocating the scarce resources within the organizational environment so as to meet the present objectives.

Answer to SAE3

i. Corporate Level Strategy: At the corporate level, strategies are formulated according to organization wise polices. These are value oriented, conceptual and less concrete than decisions at the other two levels. These are characterized by greater risk, cost and profit potential as well as flexibility.

ii. Business Level Strategy: The strategies formulated by each SBU to make best use of its resources given the environment it faces, come under the account of business level strategies. At such a level, strategy is a comprehensive plan providing objectives for SBUs, allocation of resources among functional areas and coordination between

them for achievement of corporate level objectives. These strategies operate within the overall organizational strategies i.e. within the broad constraints and polices and long term objectives set by the corporate strategy.

iii. Functional Level Strategy: This strategy relates to a single functional operation and the activities involved therein. This level is at the operating end of the organization. The decisions at this level within the organization are described as tactical. The strategies are concerned with how different functions of the enterprise like marketing, finance, manufacturing etc. contribute to the strategy of other levels.

Answer to SAE4

Strategic planning is an organization's process of defining its strategy or direction, and making decisions on allocating its resources to attain strategic goals. Furthermore, it may also extend to control mechanisms for guiding the implementation of the strategy.

Answer to SAE5

Strategic Management in an organisation guarantees that objectives are set, essential issues are laid out, time and assets are rotated, working is united, the inside condition is set towards accomplishing the targets, outcomes and results are agreed upon, and the organisation stays adaptable towards any outside changes.

Answer to SAE6

Increased Capacity: People are focused on what is important and less concerned about what is not.

Improved Customer Satisfaction: A true test of value and leads to higher retention and growth.

Answer to SAE7

Advantages of strategic planning

i. Sense of direction

Strategic planning helps to create a sense of direction and focus. It helps to ensure that everyone in the organisation is working towards the same goals, and that their efforts are being directed towards the most important tasks. This can help to improve employee morale.

ii. Risk management

No business is without risks. Therefore, organisations need to have some mechanisms in place to identify these risks. One of the most important advantages of strategic planning is that it helps organisations identify and manage risks.

iii. Creativity

Strategic planning forces managers to think. It can encourage creativity and initiative by tapping the ideas of the management team (BPP Learning Media, 2010). It may include both top-down and bottom-up approaches to engage employees in the strategic planning process.

Disadvantages of strategic planning

i. Vulnerable to outside influences

Strategic plans often fail due to outside influences such as changes in the economic environment, competitor actions and/or technological change. Macro-environmental factors may sometimes change extremely rapidly which may frustrate any strategic plans.

ii. Costly and time-consuming

If organisations carry out strategic planning thoroughly, it becomes a costly, rigid, and time-consuming process. It may sometimes take five or more years to implement a strategic plan. Consequently, benefits of strategic planning may not be immediately visible.

iii. Complexity

Strategic planning is a very complex process. It involves addressing several things: hence the complexity.

iv. Lack of success

According to several studies cited in Olson (2022) 60-90% of strategic plans never fully launch. When implemented, some of them fail as well.

UNIT 2: CORPORATE STRATEGY

Unit Structure

1.1   Introduction

1.2   Learning Outcomes

1.3   Title of the main section: Corporate Strategy: Definitions

    1.3.1   The Need for Strategy

    1.3.2   Level of Strategy

    1.3.3   Types of Corporate Strategies

    1.3.4   Key components of a Corporate Strategy

1.4   Characteristics of Corporate Strategy

1.5   Important / Relevance of Corporate Strategy

1.6   Summary

1.7   References/Further Readings/Web Resources

1.8   Possible Answers to Self-Assessment Exercise(s)

1.1   Introduction

A corporate strategy is a valuable tool for expanding and defining the values of a company. Companies use corporate strategies to create and identify long-term goals aimed toward improvement and success. Understanding what a corporate strategy is can help you increase overall profits and financial stability for your company.

1.2   Learning Outcomes

By the end of this unit, you will 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

1.2   Title of the main section: Corporate Strategy: Definitions

A corporate strategy is a long-term plan that outlines clear goals for a company. While the objective of each goal may differ, the ultimate purpose of a corporate strategy is to improve the company. A company's corporate strategy may be to focus on sales, growth or leadership. For example, a business might implement a corporate strategy to expand its sales to different markets or consumers. It may also use corporate strategy to prioritize resources. Another purpose of corporate strategy is to create company value and to motivate employees to work toward that value or set of goals.

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 pursing the organisation objective.

Self-Assessment Exercise 1

Define Corporate Strategy

1.3.1   The Need for Strategy

The followings are the reasons why businesses strategies.

i. There is a significant rise in international competition, the global market has become not only difficult but it is becoming difficult to retain.

ii. Managers at all levels have the need to understand the strategic and operational changes associated with total quality management (TQM) / Quality Assurance

iii. 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.

1.3.2 Level of Strategy

There are three levels of strategies

i. Corporate level 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.

ii. Business level 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.

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

1.3.3 Types of Corporate Strategies

i. Growth: A growth strategy is a plan or goal for the company to create considerable growth in different areas. It could refer to overall growth, but it could also encompass only specific areas, such as sales, revenue, following or company size. Companies can accomplish growth strategies through concentration or diversification. Concentration refers to a company developing the core of its business, such as a bookstore investing in selling more books. Diversification is when a company enters new markets to expand its business.

ii. Stability: Stability strategies refer to a company staying within its current industry or market because it's already succeeding in its current situation. This strategy maintains the company's success by continuing practices that work for the company. To do this, the company might invest in areas in which they're doing well, such as customer satisfaction. For example, the marketing team might create advertisements with coupons on them to send to customers to further improve customer appraisal.

iii. Retrenchment: The retrenchment strategy encourages the company to change paths to improve the business. This might mean switching business models or changing markets. The goal of this is to reduce or manage parts of the business that don't work for the company. A company might achieve this by either switching the business's pathway or by removing parts of the business. For example, if a product line is decreasing company sales, the product management team might remove the line to save profit.

iv. Reinvention: Reinvention strategies are when a company reinvents, or redesigns, an aspect of the business that may be old or irrelevant. The company might update it with new designs, technologies or products. To accomplish this strategy, a project manager could reinvent a function by significantly changing a good or service. An example of this could be converting a physical store into an online store.

Self-Assessment Exercise 2

Discuss types of Corporate Strategy

1.3.4 Key Components of a Corporate Strategy

1. Portfolio management

Portfolio management analyzes the different components of a business to see if they work well together. A corporate strategy uses portfolio management to decide which areas of the company to work on or invest in, which could include:

- Deciding on a market

- Using vertical integration

- Investing in new opportunities

- Diversifying the company

- Analyzing competition

Employees use portfolio management to seek security and growth for their business.

2. Objectives

To create and implement a corporate strategy, employees typically need to set objectives. A corporate strategy is a plan, goal or course for the company to follow, and the plan consists of tasks that describe the company's mission. Objectives allow a company to record and measure its progress because employees can track whether they've completed a goal.

3. Resources

Resources refer to the people, materials and capital that run the company. A key component of corporate strategy is to allocate resources to best support the company's development. To do this, a manager may assign resources to different areas of the business. For example, if a project manager wants to start a large product launch, they might allocate team members from a different department to work on the launch.

4. Design

In a corporate strategy, design ensures that the employees organize the structure of the company in a way that maximizes efficiency. This can refer to distributing power within a company, such as determining the hierarchy of the company or how the company makes decisions. An example of this could be deciding how much freedom or authority a certain department receives.

1.4   Characteristics of Corporate Strategy

i. Visioning: The vision component sets the direction of the company's mission and values. Vision also encompasses the future planning of the company. Some companies should use visioning meetings to plan out 3-5 years into the future. The process and meetings should involve as many personnel as possible to help build teamwork and leadership abilities. The theme of visioning goals should primarily focus on what leadership plans are for the company in the future.

ii. Objective setting: The vision goals should turn into the business objectives. The company's long-term goals should be a part of the objective statements. The objectives

should also list how the company plans to accomplish these goals. The company can track the progress of meeting its goals with the objective component. The company needs to be transparent with the objectives and communicate with all personnel to increase focus.

iii. Resource Allocation: Resource allocation should be directed to the prioritized goals. This component ensures the efficient use of financial, capital, and human resources when meeting objectives. Leaders must assign resources to objectives and involve personnel when planning resource allocation. After allocating resources, leaders must properly manage the resources used to maximize productivity and decrease waste. Resource allocation also connects with mergers. Integration of companies is a fast way for companies to grow and gain more resources. Vertical integration allows the company to buy out one of its suppliers to help generate more profit and lower costs for the company.

iv. Prioritization or tradeoffs: A business cannot pursue all objectives established during its vision meetings. They must prioritize which objectives should be accomplished first or at least receive the most resources. Business decisions involve a certain level of risk as well. Company leadership must plan for these priorities to take advantage of opportunities and plan for unanticipated events to minimize risk. Companies must navigate risk and return to be successful.

1.5   Important / Relevance of Corporate Strategy

A corporate strategy is important, as it can help indicate the future success and health of the company. Here are some reasons why a corporate strategy is important:

i. Larger company overview: Instead of considering each business unit, this strategy focuses on the entire company.

ii. Organisational rearrangement: It can help re-engineer an organisation radically if required.

iii. Problem identification: A corporate strategy helps identify existing or potential problems in an organisation that could impede its ability to achieve its goals.

iv. Prevent counterproductive measures: It can help prevent the implementation of any other plan or strategy that can be counterproductive or not viable for the company's healthy growth.

v. Guidance for business strategies: A corporate strategy gives a starting point to build individual business unit strategies.

vi. Contingency plans: It can help the company create appropriate contingency plans to implement when the need arises.

1.6 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.

1.7 References/Further Readings/Web Resources

Olayinka, K., & Aminu, S.A. (2006). Marketing Management: Planning and Control. Sundoley Press Nigeria Limited, Lagos, Nigeria. Pp 321-326.

Esosa Bob Osaze, Nigeria Corporate Policy and Strategic Management-Text and Cases, pp.40-46.

Charles Perrow, the Analysis of Goals in Complex Organisation: American Sociology Review Vol. 26pp854-866.

Reimann, B.C. (1995). Leading Strategic Change: Innovation, Value, Growth. Planning Review 23.

Lassere, P. (1995). Corporate Strategies For Asia Pacific Region, Long Range Planning 28,(1) 13-30.

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE1

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

Corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.

Answer to SAE2

i. Stability Strategy: Strategy to maintain the current market share and position by continuing to serve in the same industry with the same product line and services.

ii. Expansion Strategy: The strategies focus on entering new markets, innovating and introducing new products and services, etc.

iii. Retrenchment Strategy: It is the opposite of an expansion strategy. It helps reduce the loss made by restructuring the strategies, cutting off loss-making divisions or businesses, etc.

iv. Combination Strategy: Another important type of corporate strategy is the combination strategy. It occurs when a company combines other strategies instead of focusing on a single strategy.

UNIT 3:   CONCEPTS OF STRATEGY

Unit Structure

1.1   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.

1.2   Learning Outcomes

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

- discuss strategy

- evaluate the origin of business strategy

- demonstrate the components and functions of strategy

- discuss the stages of strategy.

1.3   Concept of Strategy: Definitions

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 each 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.

Self-Assessment Exercise 1

Define Strategy

1.3.1   Origin of Business Strategy

The strategic management discipline originated in the 1950s and 1960s. Among the numerous early contributors, the most influential were Peter Drucker, Philip Selznick, Alfred Chandler, Igor Ansoff and Bruce Henderson. The discipline draws from earlier thinking and texts on 'strategy' dating back thousands of years. Prior to 1960, the term "strategy" was primarily used regarding war and politics, not business. Many companies built strategic planning functions to develop and execute the formulation and implementation processes during the 1960s.

Peter Drucker was a prolific management theorist and author of dozens of management books, with a career spanning five decades. He addressed fundamental strategic questions in a 1954 book The Practice of Management writing: "the first responsibility of top management is to ask the question 'what is our business?' and to make sure it is carefully studied and correctly answered." He wrote that the answer was determined by the customer. He recommended eight areas where objectives should be set, such as market standing, innovation, productivity, physical and financial resources, worker performance and attitude, profitability, manager performance and development, and public responsibility.

In 1957, Philip Selznick initially used the term "distinctive competence" in referring to how the Navy was attempting to differentiate itself from the other services. He also formalized the idea of matching the organization's internal factors with external environmental circumstances. This core idea was developed further by Kenneth R. Andrews in 1963 into what we now call SWOT analysis, in which the strengths and weaknesses of the firm are assessed in light of the opportunities and threats in the business environment.

Alfred Chandler recognized the importance of coordinating management activity under an all-encompassing strategy. Interactions between functions were typically handled by managers who relayed information back and forth between departments. Chandler stressed the importance of taking a long-term perspective when looking to the future. In his 1962 ground breaking work Strategy and Structure, Chandler showed

that a long-term coordinated strategy was necessary to give a company structure, direction and focus.

1.3.2 Stages of Strategy

i. Strategic Objectives and Analysis: The first step is to define the vision, mission, and values statements of the organization. This is done in combination with the external analysis of the business environment (PESTEL) and internal analysis of the organization (SWOT). An organization's statements may evolve as information is discovered that affects a company's ability to operate in the external environment.

ii. Strategic Formulation: The information from PESTEL and SWOT analyses should be used to set clear and realistic goals and objectives based on the strengths and weaknesses of the company. Identify if the organization needs to find additional resources and how to obtain them. Formulate targeted plans to achieve the goals. Prioritize the tactics most important to achieving the objectives. Continue to scan the external environment for changes that would affect the chances of achieving the strategic goals.
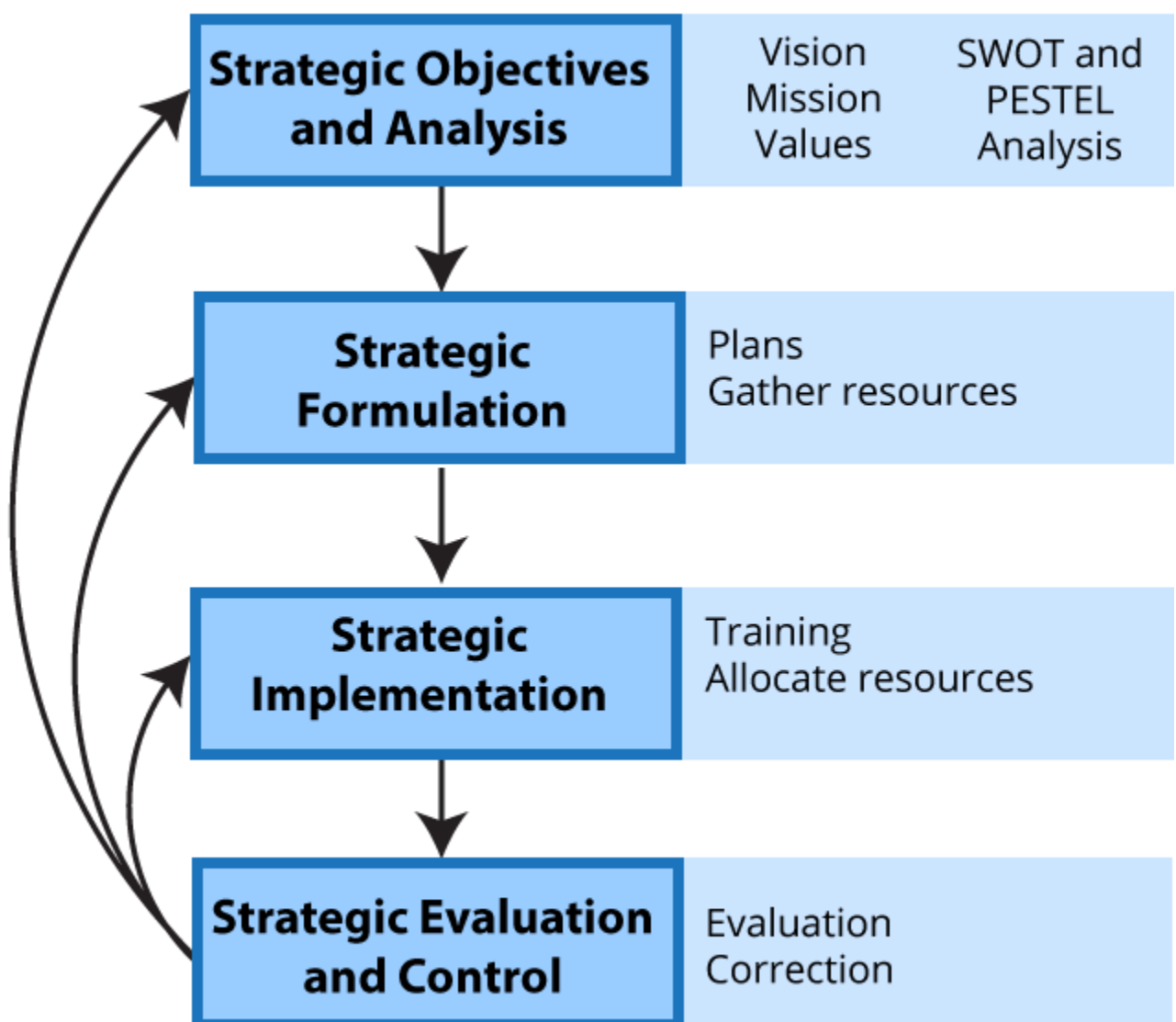
iii. Strategic Implementation: Sometimes referred to as strategic execution, this stage is when the planning stops and the action begins. The best plans won't make up for sloppy implementation. Everyone in the organization should be aware of his or her particular assignments, responsibilities and authority. Management should provide additional employee training to meet plan objectives during this stage, as well. It should also allocate resources, including funding. Success in this stage depends upon employees being given the tools needed to implement the plan and being motivated to make it work.

iv. Strategic Evaluation and Control: Because external and internal conditions are always changing, this stage is extremely important. Performance measurements (determined by the nature of the goal) will help determine if key milestones are being met. If actual results vary from the strategic plan, corrective actions will need to be taken. If necessary, reexamine the goals or the measurement criteria. If it becomes

apparent that the strategy is not working according to plan, then new plans need to be formulated (see Step 2) or organizational structures adjusted. Personnel may need to be retrained or shifted to other duties. You may even have to repeat the strategic management process from the beginning, including the information and knowledge gained from this first attempt.

Self-Assessment Exercise 2

What are the Stages of Strategy?

Strategic Objectives and Analysis	Vision Mission Values	SWOT and PESTEL Analysis
Strategic Formulation	Plans Gather resources	
Strategic Implementation	Training Allocate resources	
Strategic Evaluation and Control	Evaluation Correction	

1.4   Components of Strategy

1. Scope: The scope of an organization refers to the breadth of its strategic domain the number and types of industries, product lines, and market segments it competes in or plans to enter. Decisions about an organization's strategic scope should reflect management's view of the firm's purpose or mission. This common thread among its various activities and product-markets defines the essential nature of what its business is and what it should be.

2. Goals and objectives: Strategies should also detail desired levels of accomplishment on one or more dimensions of performance such as volume growth, profit contribution, or return on investment over specified time periods for each of those businesses and product-markets and for the organization as a whole.

3. Resource deployments: Every organization has limited financial and human resources. Formulating a strategy also involves deciding how those resources are to be obtained and allocated, across businesses, product-markets, functional departments, and activities within each business or product-market.

4. Identification of a sustainable competitive advantage: One important part of any strategy is a specification of how the organization will compete in each.business and product-market within its domain. How can it position itself to develop and sustain a differential advantage over current and potential competitors? To answer such questions, managers must examine the market opportunities in each business and product-market and the company's distinctive competencies or strengths relative to its competitors.

5. Synergy: Synergy exists when the firm's businesses, product-markets, resource deployments, and competencies complement and reinforce one another. Synergy enables the total performance of the related businesses to be greater than it would otherwise be: the whole becomes greater than the sum of its parts.

Self-Assessment Exercise 3

Types of Components of Strategy

1.5   Functions of Strategy

1. Strategy helps preparing an organization for the future. This does not necessarily imply long-term plans or planning in general. It does imply, though, that strategy is forward-looking and that it should help organizations focus on other things than just the short-term and day-to-day activities.

2. Strategy helps distinguishing an organization from others. Strategy helps an organization focus on its unique assets and features and exploit those in a meaningful way. This does not imply a quest for complete uniqueness. Without some distinction from its competitors, though, there is no reason for customers to choose for a particular organization.

3. Strategy provides an organization with some stability. An organization in constant flux or constant reorientation will drift and not realize its full potential. Strategy is not meant as a rigid straightjacket. Organizations need some guidance and stability though – especially in turbulent times – and that is what strategy provides.

4. Strategy serves as a common frame of reference. Even though circumstances will change, strategy offers an organization a common point of reference. This makes that, if there is a change, the people in and around the organization collectively can know what assumptions, ideas or plans they are going to deviate from.

5. Strategy supports internal and external alignment. As overarching managerial discipline, strategy provides an integrative overview of the most important internal and external factors to be taken into account by an organization. Such overview helps to align the organization both internally as well as with its external environment.

6. Strategy guides organizational action. Strategy isn't made for the sake of strategy. It is meant to give direction to the things that an organization does. Without such

direction, organizations would just engage in uncoordinated, fragmented and possibly counterproductive actions.

Self-Assessment Exercise 4

List Functions of Strategy

1.6   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 or 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.

1.7   References/Further Readings/Web Resources

Osuagum, L. (1999). Marketing Principles and Management, Grey Resourced Ltd, Lagos, Nigeria. Pp336

Pierce and Robinson, Strategic Management, Formulation, Implementation and Control, 6th Ed, Elwin, p. 240-249

Peter, F.D. (1999). Practice of Management, Harper & Row, N.Y., pp.30-37

Hitt, I., and Hoskinson, (2003). Strategic Management Competitiveness and Globalization, 2nd Ed. Pp 351-400.

Esosa Bob Osaze. (1993). Nigeria Corporate Policy and Strategic Management-Text and Cases, pp.40-46.

Charles Perrow (2000). The Analysis of Goals in Complex Organisation: Amenrican Sociology Review Vol. 26pp.854-866.

John Mullins, Orville Walker, Jr., Harper Boyd, Jean-Claude Larreche. (2001). Marketing Management: A Strategic Decision-Making Approach, McGraw-Hill/Irwin.

Lassere, Phillipi (1995). Corporate Strategies for Asia Pacific Region, Long Range Planning. 28, (1) 13-30.

Reimann, B.C (1995). Leading Strategic Change: Innovation, Value, Growth, Planning Review 23 (September/October).

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

Strategy is a general plan to achieve one or more long-term or overall goals under conditions of uncertainty.

Answer to SAE 2

- Goal-setting

- Analysis

- Strategy formation

- Strategy implementation

- Strategy monitoring.

Answer to SAE 3

- Goal Setting.

- Strategy Formulation.

- Strategy Implementation.

- Strategy Evaluation.

- The Start.

- Analyzing.

- Forming the Strategy.

- Implement the Strategy.

Answer to SAE 4

- Strategy helps preparing an organization for the future.

- Strategy helps distinguishing an organization from others.

- Strategy provides an organization with some stability.

- Strategy serves as a common frame of reference.

- Strategy supports internal and external alignment.

UNIT 4: CORPORATE PLANNING CONTENTS

Unit Structure

1.1   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.

1.2   Learning Outcomes

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

- Discuss corporate planning

- Analyze the steps in planning and the features of corporate planning

- Demonstrate the benefits of planning

- Discuss why corporate planning fails

1.3 Title of the main section: Corporate Planning: Definitions

Corporate planning is a total system of planning which involves the determination of the objectives for the company as a whole and for each department of the it; formulation of strategies for the attainment of these objectives (all this being done against the background of SWOT analysis); conversion of strategies into tactical plans (or operational plans); implementation of tactical plans and a review of the progress of tactical plans against the corporate planning 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.

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

Self-Assessment Exercise 1

Define Corporate Planning

1.3.1 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

1.3.2 Nature of Planning

The nature of planning can be understood by examining its four major aspects. They are;

1. Contribution of Planning to the Attainment of Objectives

Since plans are made to attain goals or objectives, every plan and all its support should contribute to the achievement of the organization's purpose and objectives.

An organized enterprise exists to accomplish group objectives through willing and purposeful co-operation.

2. Primacy of Planning

That planning is the prime managerial function is proved by the fact that all other functions such as organizing, staffing, leading and controlling are designed to support the accomplishment of the enterprise's objectives.

Planning quite logically, therefore, comes first before executing all other managerial functions as it involves establishing the objectives necessary for all group efforts. Also, all the other managerial functions must be planned if they are to be effective.

3. Pervasiveness of Planning

Planning is a unique and universal function of all managers.

The character and scope of planning may vary with each manager's authority and with the nature of the policies and plans outlined by superiors, but all managers must have some function of planning.

Because of one's authority or position in the managerial hierarchy, one may do more or less planning, but some kind or amount of planning a manager must do.

According to Weihrich and Koontz; "All managers, from presidents to first-level supervisors – plan."

4. The Efficiency of Plans

Plans should not only be effective, but also efficient. The effectiveness of a plan relates to the extent to which it accomplishes the objectives.

The efficiency of the plan, however, means its contribution to the purpose and objectives, offset by the costs and other factors required to formulate and operate it.

Plans are efficient if they achieve their objective at a reasonable cost when such a cost is the measure not only in terms of time, money or production but also in terms of satisfaction of the individual or group.

1.3.3   Steps in Planning

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

1. Recognizing Need for Action: An important part of the planning process is to be aware of the business opportunities in the firm's external environment as well as within the firm. Once such opportunities get recognized the managers can recognize the actions that need to be taken to realize them. A realistic look must be taken at the prospect of these new opportunities and SWOT analysis should be done.

2. Setting Objectives: This is the second and perhaps the most important step of the planning process. Here we establish the objectives for the whole organization and also individual departments. Organizational objectives provide a general direction, objectives of departments will be more planned and detailed.

Objectives can be long term and short term as well. They indicate the end result the company wishes to achieve. So objectives will percolate down from the managers and will also guide and push the employees in the correct direction.

3. Developing Premises: Planning is always done keeping the future in mind, however, the future is always uncertain. So in the function of management certain assumptions will have to be made. These assumptions are the premises. Such assumptions are made in the form of forecasts, existing plans, past policies, etc.

These planning premises are also of two types – internal and external. External assumptions deal with factors such as political environment, social environment, the advancement of technology, competition, government policies, etc. Internal assumptions deal with policies, availability of resources, quality of management, etc.

These assumptions being made should be uniform across the organization. All managers should be aware of these premises and should agree with them.

4. Identifying Alternatives: The fourth step of the planning process is to identify the alternatives available to the managers. There is no one way to achieve the objectives of the firm, there is a multitude of choices. All of these alternative courses should be identified. There must be options available to the manager.

May be he chooses an innovative alternative hoping for more efficient results. If he does not want to experiment he will stick to the more routine course of action. The problem with this step is not finding the alternatives but narrowing them down to a reasonable amount of choices so all of them can be thoroughly evaluated.

5. Examining Alternate Course of Action: The next step of the planning process is to evaluate and closely examine each of the alternative plans. Every option will go through an examination where all there pros and cons will be weighed. The alternative plans need to be evaluated in light of the organizational objectives.

For example, if it is a financial plan. Then it that case its risk-return evaluation will be done. Detailed calculation and analysis are done to ensure that the plan is capable of achieving the objectives in the best and most efficient manner possible.

6. Selecting the Alternative: Finally, we reach the decision making stage of the planning process. Now the best and most feasible plan will be chosen to be implemented. The ideal plan is the most profitable one with the least amount of negative consequences and is also adaptable to dynamic situations.

The choice is obviously based on scientific analysis and mathematical equations. But a managers intuition and experience should also play a big part in this decision. Sometimes a few different aspects of different plans are combined to come up with the one ideal plan.

7. Formulating Supporting Plan: Once you have chosen the plan to be implemented, managers will have to come up with one or more supporting plans. These secondary

plans help with the implementation of the main plan. For example plans to hire more people, train personnel, expand the office etc are supporting plans for the main plan of launching a new product. So all these secondary plans are in fact part of the main plan.

8. Implementation of the Plan: And finally, we come to the last step of the planning process, implementation of the plan. This is when all the other functions of management come into play and the plan is put into action to achieve the objectives of the organization. The tools required for such implementation involve the types of plans- procedures, policies, budgets, rules, standards etc.

1.3.4 Benefit of Corporate Planning

There are many benefits of corporate planning, including:

1. Provides clear objectives for the organization: Corporate planning creates a sense of direction for professionals working at an organisation. It lets you take every action with certainty since there's a plan guiding every action. You can also understand easily when you're working towards business objectives.

2. Helps formulate better strategies using a logical approach: A strategy is an approach you take towards achieving a business goal or objective. For instance, if your objective is to make a product a category leader in sales revenue by the year 2023, the strategy might be to persuade buyers that the product is the best in the market by investing in large advertisement campaigns for the product. Corporate planning helps you ease the process of formulating strategies since it follows a logical and methodical approach. It also eases the decision-making process.

3. Increases communication between employees and employers: Corporate planning eases the group participation process for planning decisions. This leads to a better understanding of the plans and the strategies, which ensures that employees perform the tasks better. It also ensures that you get feedback from your team. Understanding the areas where they need help increases efficiency and improves overall workplace culture.

4. Helps in the allocation of resources: Examples of organisational or corporate resources are time, equipment, money, human, infrastructure knowledge and information. Infrastructure knowledge may cover systems, procedures and functionality, while information may refer to the current trends, internal and external data. Corporate planning makes allocating these resources efficient, thus reducing waste, decreasing costs and increasing profitability.

1.3.5 Limitations of Corporate Planning

1. Corporate Planning is not Integrated into the Total Management System: The top management fails to identify and associate properly the formal planning with the central concept of the organisation's mission.

2. There is a Lack of Understanding of the Different Steps of the Planning Process: The management may not be knowledgeable or skilled in understanding all steps of the planning requirements.

3. Non-Availability of Correct Information and Data: Planning is made by having information and data available. Generally correct information and data not available.

4. Management at Different Levels in the Organisation has not Properly Contributed to Planning Activities: Generally all strategic planning are made and conducted at top management. So sometimes middle level and lower level of management, which are closer to the operation, may not understand all aspects of planning. This will affect their fullest contribution.

5. Costly or Uneconomical: Planning is expensive. The cost of planning should not be in excess of its contribution and managerial judgement is necessary to balance the expenses of preparing the plans against the benefits derived from them.

1.3.6 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

Self-Assessment Exercise 2

Discuss steps, benefit and limitations of Corporate Planning

1.4   Guideline for Planning Effectiveness

i. Leadership i.e. top management support: The corporate planning must be initiated and encourage by top management,   it   must also have their commitment.

ii. Developing a planning culture: The organisation must develop in the employees a planning culture.

iii. Employee participation: Effective corporate planning requires an environment which emphasizes openness, interdependence and visibility. There should be a climate of mutual trust and cooperation.

iv. 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.

v. Forecasting and information system: These should be opportunity for the assessment of the future and for collection and dissemination of information.

Self-Assessment Exercise 3

How do we Plan Effectiveness

1.5   Features of Corporate Planning

i. Corporate planning is a total system of planning, under which concept objectives are determined for the company as a whole and for each department of it. This means that under the concept of corporate planning, no department of company is allowed to have its own independent planning. All departmental plans are a part of corporate planning, in a unified structure.

ii. To realize the objectives of corporate planning, strategy formulation is done. Strategy formulation is the core aspect of corporate planning. Success of corporate planning depends on the success of strategy formulation

iii. Determination of objectives of corporate planning and strategy formulation – both are done against the background of SWOT analysis.

iv. Strategies are translated (or converted) into tactical plans (or operational plans), which are detailed in nature.

v. Tactical plans are put to action at the right time, as decided by management. This is the practical aspect of corporate planning.

vi. Performance of tactical plans is judged in the light of the objectives of corporate planning; so that necessary modifications might be made in the corporate planning process and better corporate planning might be done in future.

vii. Corporate planning has a long-term perspective; while operational plans have a short-term prospective.

Self-Assessment Exercise 4

What are the features of corporate planning

1.5   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.

1.6   References/Further Readings/Web Resources

Aminu, S.A. (2006). Marketing Management: Planning and Control; Sundoley Press Nigeria Limited, Lagos, Nigeria.

Abell D.F. (1980). Defining the Business: the Starting Point of Strategic Planning, Englewood Cliffs N.J. Prentice Hall.

Ansoff, 11.1. (1957). "Strategies for Diversification", Harvard Business Review, vol.25, No.5, Oxford: Butterworth Hienemann, Third Edition

Wilson, R.M.S., & Gilligan, C. (1997). Strategic Marketing Management, Planning,

Implementation and Control, Butter Hienemann.

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

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.

Answer to SAE 2

Benefits

    i. Long-term goals.

    ii. Focus.

    iii. Better Decisions.

    iv. A Measure of Success.

    v. Saves money.

Steps

i. Determine your strategic position.

ii. Prioritize your objectives.

iii. Develop a strategic plan.

iv. Execute and manage your plan.

v. Review and revise the plan.

Limitations

 i. Internal Inflexibility

ii. External Inflexibility

iii. Planning Does Not Work in a Dynamic Environment

iv. Planning Reduces Creativity

v. Planning Involves Huge Costs

vi. Planning is a Time-consuming Process

Answer to SAE 3

i. Leadership i.e. top management support.

ii. Developing a planning culture.

iii. Employee participation.

iv. Effectiveness organizational structure.

v. Forecasting and information system.

Answer to SAE 4

i. It is formal and systematic in approach

ii. It entails a sequence of steps.

iii. It is a continuous and on going process

iv. It involves planning for the whole organisation rather than some component part.

v. It relates to the future

vi. It relates the organisation with its environment

vii. It is very comprehensive in nature involving both strategic planning, tactical or operational planning.

UNIT 5:   ORGANIZATIONAL STRUCTURES AND EFFECTIVENESS

Unit Structure

1.1   Introduction

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. Well designed organisation structure facilitates the smooth functioning of the organisation. In this unit, you will learn the concept, components and types of organisation structure. You will further learn the

dimensions of structure and the models of organisational designs. You will be familiarised with the determinants of the organisational effectiveness.

1.2   Learning Outcomes

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

- Discuss the concept of organisation structure;

- Explain the components of organisation structure;

- Analyse the dimensions of organisation structure;

- Discuss the model of organisation designs; and

- Explain the determinants of organisational effectiveness.

1.3   Title of the main section: 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.

Self-Assessment Exercise 1

What is Organisational Structure?

1.3.1   Significance of Organisation Structure

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

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

Self-Assessment Exercise 2

List the significance of Organisational Structure.

1.3.2 Components of Organisation Structure

Organisation structure influences 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 :

1. 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 criticised on the following ground.

• It can not 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 overshow the negative features. Hence, the work specialization has been widely used as an important means for enhancing productivity in the organisation.

2. 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 elements 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 mangers 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.

Steps in delegation include:

1. Identify the Key Task: The first critical step is to recognize and track all the main tasks that the members of your group must accomplish. Develop a task list for you group. Define the task and establish your goals for a project. Have a vision to carry through a project.

2. Delegate Each Task Appropriately: Review the list in order to identify the tasks that you should do and those that can be delegated to the members of your group. Choose members whose skills and personality styles match the assignment. Empower the members so as to provide them an opportunity to grow and be challenged.

3. Explain Each Task to Your New Members: Define and clarify the nature of task that is delegated to your members. To ensure a collaborative approach, properly communicate to all the members of your group as to what tasks and to whom it has been delegated. Be sure to give specific directions and to make your expectations clear, for both quality and timeframe.

4. Develop a Plan for Each Task Assigned: A sound plan is essential for the projects to succeed. Good planning is a critical part of the delegation process. The plan should define how the task will be accomplished; list the subtasks, and their completion dates. Make sure your members have all the necessary resources to complete the assigned task. Encourage your members to take a lead in developing a plan.

5. Monitor the Progress: Review the progress of each task on a regular basis. Set checkpoints for both short-range and long-range projects. Give members the freedom to perform and avoid close supervision. Measure success by quantifiable criteria. Give praise and constructive criticism where it is due. Look at a failed act of delegation as a learning opportunity. Help your members to learn to grow through both their successes and their failures.

3. 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, batallion 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:

i. 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.

ii. 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.

iii. 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.

iv. 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.

v. 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.

4. 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:

i. 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.

ii. 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.

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

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

v. 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.

vi. 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 form the supervisor.

vii. 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 influence the creation of tall and flat structure. Let us learn the concept of tall and flat structure

5. 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.

Self-Assessment Exercise 3

What are the components of organisation structure.

1.3.3   Types of Organisation Structure

Different types of Organisation structure can be created on the basis of arrangement of activities.

Accordingly, three broad types of structural forms are:

i. Functional Structure

When units and sub-units of activities are created in organisation on the basis of functions, it is known as functional structure. Thus, in any industrial organisation, specialised functions like manufacturing, marketing, finance and personnel constitute as separate units of the organisation. All activities connected with each such function are placed in the same unit. As the volume of activity increases, sub-units are created at lower levels in each unit and the number of persons under each manager at various levels get added.

The main advantage of the functional structure of organisation is that there is functional specialisation in each unit, which leads to operational efficiency of people engaged, and the organisation as a whole derives the benefit of specialised operations. The heads of the functional units are in direct touch with the chief executive who can sort out inter-functional problems, if any, and also coordinate the interrelated functions. The chief executive is also able to be in direct touch with lower level subordinates and thereby have full knowledge of the state of affairs in the organisation.

However, while the functional arrangement may be well suited to small and medium size organisations, it is incapable of handling the problems of an organisation as it grows in size and complexity. Problems of subunits at lower levels do not receive adequate attention of higher level managers while some of the activities tend to be over-emphasized.

Functional units become unwisely and difficult to manage when there are diverse kinds of activities performed in large number of sub-units. Personal contact between superiors and subordinates become rare, and flow of communication is slow leading to problems of coordination and control.

ii. Divisional Structure

The divisional organisation structure is more suited to every large enterprise particularly those which deal in multiple products to serve more than one distinctive markets. The organisation is then divided into smaller business units which are entrusted with the business related to different products or different market territories. In other words, independent divisions (product divisions or market division), are created under the overall control of the head office. Each divisional manager is given autonomy to run all functions relating to the product or market segment or regional market. Thus, each division may have a number of supporting functions to undertake. A divisional structure may consist of two or more product divisions or market or territorial divisions

In a divisional structure each division contributes planned profits to the organisation, but otherwise operates as an independent business. The functional units are headed by managers while the final authority vests in the divisional manager, who coordinates and controls the activities of the various functional units in the division. The top management of the organisation, besides providing funds, determines the organisation goals and formulates policies.

The divisional structure is characterised by decentralisation of authority. Thus, it enables managers to take decisions promptly and resolve problems appropriate to the respective divisions. It also provides opportunity to the divisional managers to take initiative in matters within their jurisdiction. But such a structure involves heavy financial costs due to the duplication of supporting functional units for the divisions. Moreover, it requires adequate number of capable managers to take charge of the respective divisions and their functional units.

iii. Adaptive Structure

Organisation structure are often designed to cope with the unique nature of undertaking and the situation. This type of structure is known as adaptive structure. There are two types in structures. i. Project Organisation: When an enterprise undertakes any specialised, time-bound work involving one-time operations for a

fairly long period, the project organisation is found most suitable. In this situation the existing organisation creates a special unit so as to engage in a project work without disturbing its regular business. This becomes necessary where it is not possible to cope with the special task or project. Within the existing system, the project may consist of developing a new project, installing a plant, building an office complex, etc.. A project organisation is headed by a project manager in charge, who holds a middle management rank and reports directly to the chief executive. Other managers and personnel in the project organisation are drawn from the functional departments of the parent organisation. On completion of the project they return to their parent departments.

The main advantage of such a structural arrangement is that it leaves regular business undisturbed. It is exclusively concerned with the task of completing the project work on time and in conformity with the standards of performance relevant to its goal. There is better management and control over the project activities as the project manager enjoys necessary authority and is alone responsible for the results. But project organisation may create problems as well. Functional managers often resent the exercise of authority by the project manager in the functional areas and hence conflict arises. The stability of the functional departments is disturbed by transfer of personnel to project work from time to time. Shifting of personnel from project to project disrupts their developments in the specialised fields.

ii. Matrix Organisation: This is another type of adaptive structure which aims at combining the advantages of autonomous project organisation and functional specialisation. In the matrix organisation structure, there are functional departments with specialised personnel who are deputed to work full time in different projects sometimes in more than one project under the overall guidance and direction of project managers. When a project work is completed, the individuals attached to it go back to their respective functional department to be assigned again to some other project. This arrangement is found suitable where the organisation is engaged in

contractual project activities and there are many project managers, as in a large construction company or engineering firm.

Matrix organisation provides a flexible structure ideally suited to the requirements of changing conditions. It facilitates pooling of specialised and technical personnel from different functional departments, who can be deputed to a number of projects. They acquire valuable experience of handling varied and complex problems in project work. There is speedy exchange of information and decisionmaking as they work under the coordinating authority of project managers.

The major drawback of matrix organisation is that the personnel drawn from specialised functional departments are subjected to dual authority, that of the functional heads and the project managers. The principle of unity of command is thereby sacrificed. This generates stresses and strains in project management, because there is simultaneous engagement of the same individual in a number of projects.

Self-Assessment Exercise 4

What are the various types of organisation structure.

1.4   Organisational Design

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.

1.4.1 Classical Form of Organisation

i. 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.

ii. 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.

iii. 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 specialised resources but the major problem is with regard to coordination of task and stress caused by two bosses.

1.5   Organisational Effectiveness

The study of organisational structure is necessary to understand organisational effectiveness. In simple terms better the structure of an organisation more effective would be the organisation and vice versa. You must be aware that some organisations perform better and grow more rapidly than other. On the extreme side some organisations perform badly and within a short period of time go out of business. How can we measure effectiveness? In order to measure the effectiveness let us analyse following components of organisational effectiveness

The different components of organisational effectiveness can be found from the answer to the following questions.

• Are the employees satisfied with the organisation?

• Are the customers satisfied with the organisation?

• Is the organisation profitable?

• Is the organisation growing in terms of profit, revenue, number of products, expansion into new locations, line of products etc?

• Is the organisation productive i.e., creating goods and services of high value at minimum cost? and

• Is the organisation innovative or stale?

Determinants of Organisational Effectiveness

Several factors influence the organisational effectiveness.

i. Strategy: A strategy is a plan for interacting with the competitive environment to achieve organisational goals. Goals define where does the organisation want to go and strategies define how will the organisation reach there. In other words, strategy is the determination of basic long term goals of the organisation, the adoption of the courses of action and the allocation of resources necessary to achieve them. The strategy is the most important factor of an organisation which decides the future course of action for the organisation. New strategy is often selected based upon environmental needs, and then the top management attempts to redesign the organisation to achieve those ends.

ii. Leadership: It is the process of influencing members towards the achievement of organisational goals. It is said that managers are people who do things right and leaders are people who do the right thing. Leaders facilitate the identification of organisational goals. They initiate the development of vision for their organisation.

iii. Decision-making: Decision-making is choosing among alternatives. It has close relationship with all traditional management functions. The decision that management makes has a profound impact on the success of an organisation.

iv. Rewards: Organisational success to a large extent depends on how is management able to gain support of its team by way of compensating them for the efforts they are making for the achievement of organisational goals. It is primarily meant to sustain employee morale and improve or maintain productivity.

v. Communication: It is the linkages among members of the organisation whereby they exchange information. The organisational structure has to provide for a perfect communication among different members of the organisation. Organisational communication is the grease that enables any organisational change.

i. Environmental Characteristics

Organisational effectiveness is influenced to a great degree by the external environmental characteristics. It is dependent on how is the external environment

predictable, complex and hostile to the organisation and its activity. The major characteristics are as follow:

i. Predictability: Predictability refers to how certain or uncertain an organisation may be towards supply of various resources; human, raw material etc. It is an element of external environment.

ii. Complexity: Environment complexity refers to the heterogeneity and range of activities which are relevant to an organisation's operations. How many diverse groups from external environment the organisations have to deal with.

iii. Hostility: A hostile environment is one in which the underpinning of the organisation is threatened. How is an organisation viewed by the people at large. You may recall the case of Union Carbide after the Bhopal gas leakage about the hostility of environment.

ii. Employee Characteristics

The characteristics of the human resource could make or break an organisation. It is employee characteristics, which is reflected in the success or failure of an organisation. The major characteristics are as follow:

i. Goals: Goals define where the organisation wants to go. Goals are intentions that an individual or an organisation would like to achieve in the course of their working. Goals provide a directional nature to people's behaviour and guide their thoughts and actions.

ii. Skills: Skill is the ability to engage in a set of behaviour that are functionally related to one another and that lead to a desired performance in a given area. The skill can be technical, managerial, behavioural etc.

iii. Motives: A motive is an inner state of a person that energizes activates, or moves and directs towards the achievement of a pre defined goal. The motivated employees have high motives to perform better and achieve the targets.

iv. Attitudes: Attitudes are evaluative statements- either favourable or unfavourable concerning objects, events, or people. Attitudes influence job behaviour and hence organisational effectiveness.

v. Values: Values represent basic convictions or a specific mode of conduct. It generally influences an individual's attitude and behaviour. The value that a person holds influences his or her motivation and subsequently behaviour.

iii. Organisational Characteristics

Organisational characteristics refer to the general conditions that exist within an organisation. Various organisational characteristics influence organisational effectiveness. The major characteristics are as follow:

i. Structure: An organisational structure defines how are job tasks formally divided, grouped and coordinated. For organisational effectiveness, six elements need to be addressed while designing organisational structure. These are: work specialisation, departmentation, chain of command, span of control, centralisation and decentralisation, and formalization.

ii. Technology: The term technology refers to how does an organisation transfer its inputs into outputs. Every organisation has at least one technology for converting financial, human and physical resources into products or services. The choice of technology and its use influences organisational effectiveness.

iii. Size: In a narrow sense organisational size refers to the number of people in an organisation. But, if we take a broader view, size refers to the physical capacity of the organisation, the personnel available to the organisation, the organisational inputs or outputs and the discretionary resources available to an organisation. It is the size which influences the structure which in turn influences organisational effectiveness.

Self-Assessment Exercise 5

What is Organisational Effectiveness

1.6   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 dos and the don'ts of delegation of power.

1.7   References/Further Readings/Web Resources

Dwivedi R.S. (2017). Human Relations and Organizational Behaviour – A Global Perspective, Macmillan, Delhi.(Recent Edition).

Jennifer, M.G., & Gareth, R.J. (1999). Understanding and Managing Organizational Behavior, Addisson, Wesley Publishing Company, New York. (Recent Edition).

John, M.I., & Michael, T.M. (2001). Organizational Behavior and Management, Irwin, Chicago. (Recent Edition).

John, W.N., & Keith. D. (2000). Organizational Behavior, Tata McGraw, Hill Publishing Company Ltd, New Delhi. (Recent Edition).

Stephen, P.R. (1987). Organization Behavior, Prentice Hall of India, New Delhi. (Recent Edition).

Steven, L.M., & Mary An Von Glinow (2012). Organizational Behavior, Tata McGraw Hill Publishing Company Limited, New Delhi (Recent Edition).

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

Organization structure can be defined as the established pattern of relationships between the organization's components. In this context, organizational structure refers to the network of links between employees and roles inside a company. Jennifer and Gareth define organizational structure as the formal system of task and reporting relationships that manages, coordinates, and motivates individuals to collaborate and work together to achieve the goals of an organization.

Answer to SAE 2

1. Clear-cut Authority Relationships

2. Pattern of Communication

3. Location of Decision Centres

4. Proper Balancing

5. Stimulating Creativity

6. Encouraging Growth

7. Making use of Technological Improvements

Answer to SAE 3

1. Division of Labour

2. Delegation of Authority

3. Departmentation

4. Span of Control

5. Tall and Flat Structure

Answer to SAE 4

1. Functional Structure

2. Divisional Structure

3. Adaptive Structure

Answer to SAE 5

Is a concept that measures how thoroughly and efficiently a company achieves its business goals. An effective organization runs like a well-designed, well-oiled machine.

MODULE TWO   TECHNIQUES OF DELEGATION IN AN ORGANIZATION

Unit 1:   TECHNIQUES OF DELEGATION

Unit Structure

1.1   Introduction

In the last unit, we discussed organizational structure. 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.

1.2   Learning Outcomes

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

- discuss techniques of delegation

- analyze parity of authority and responsibility

- discuss scalar principle

- explain do's and don'ts of delegation and

1.3   Title of the main section: Techniques of Delegation

It is vital that the delegator is very precise in outlining the responsibilities that are expected from the delegate. Start by outlining the objectives as well as the ultimate goal of these new tasks. Stipulate your expectations comprising any deadlines, reports and the level of communication which you desire.

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.

1.3.1 Definition of Responsibility and Authority

Responsibility

Responsibility has different meanings in management. The most common description is the obligation on the manager to perform the task himself. The essence of responsibility is 'obligation'.

Anyone who accepts a task must be held responsible for its performance too. In the context of hierarchical relations in an organization, responsibility is the obligation of a subordinate to perform the tasks assigned.

Therefore, responsibility is relative to the person. Also, it emanates from the subordinate-superior relations in an organization. Hence, the manager can get the assigned duty done by his subordinate.

He also needs to ensure a proper discharge of the duty. Therefore, in an organization, authority and responsibility move as follows – authority flows downwards, whereas responsibility is exacted upwards.

Sometimes, informal leadership emerges in an organization. This can create problems in the clear definition of responsibilities of the subordinates. However, the responsibility towards the seniors does not change.

Authority

Authority, in simple words, is the right way of commanding subordinates, issuing orders and instructions, and exacting obedience from the team. It is also the right of the manager to make decisions. Also, to act or not to act depends on how he perceives the objectives of the organization.

Henri Fayol, who designed the administrative theory of 14 principles of management, defined authority as 'the right to give orders and exact obedience'. He also recognized that any official authority vested in the job was often ineffective.

He further added that the presence of leadership qualities and traits like intelligence, experience, etc., usually, enhance authority. However, as an important key to the manager's job, authority is the power to command others and decide to act or refrain from acting to achieve the organization's goals.

A manager needs authority. It makes his position real and gives him the power to order his subordinates and get them to comply. When there is a chain of superior-subordinate relations in an organization, it is the authority which binds and provides a basis for responsibility.

James Mooney specified that coordination is the primary principle of an organization. Therefore, it must have its own principle and foundation in Authority or the supreme coordinating power.

Coordination is the all-inclusive principle of organization, it must have its own principle and foundation in Authority or the supreme coordinating power.

Always, in every form of organization, this supreme coordinating authority must rest somewhere, else there would be no directive for any truly coordinated effort. Without authority, there will be no relations between subordinates and superiors and the organization will be in chaos.

Self-Assessment Exercise 1

Define the authority and responsibility of a manager

1.3.2   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.

1.3.3   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.

1.4   Parity of Authority and Responsibility

Principle of parity of authority and responsibility suggests that authority of a person should match his responsibility. Since authority is the discretionary right to carry out assignments and responsibility is the obligation to accomplish, it logically follows that the authority should correspond to responsibility. From this principle, it may be derived that the responsibility for actions cannot be greater than that implied by authority delegated nor it! should be less. This parity is not mathematical but, rather, coexistensive, because both relate to the same assignment. For example, when a manager is assigned activities of manufacturing certain products, he cannot complete manufacturing unless he is given authority to buy raw materials and utilise other organisational resources. However, a common feature in many organisations is lack of parity between authority and responsibility because of the tendency to delegate authority inadequately. This has to be corrected which requires the understanding of delegation of authority and its mechanism.

1.4.1   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.

Self-Assessment Exercise 2

What are the Parity of Authority and Responsibility

1.5 The Do's and Don'ts of Delegation

One of the toughest lessons any owner manager has to learn is how to delegate. When you set up your own business it is one of the most important things that you will learn.

There is much said about the benefits of delegation but if you get it wrong it can be disastrous.

Growing and creating something from scratch can be incredibly rewarding but it is all too easy for the process to become all consuming. There is something very personal about building a business, in some cases it almost becomes an extension of the individual.

No one will care more about the welfare and future of the business than the person who created it in the first place, but that can lead to problems. There is a real temptation for owner managers of small operations to control every aspect of the company, leading to trouble in the long term and restricting the growth and potential of the business.

In reality even the best business leaders cannot do everything for themselves, and a failure to delegate will eventually dilute your impact on the business as a whole.

The more a company grows and expands then the more important it becomes to delegate. The best businessmen and women are those who can take a step back and take a strategic, holistic view rather than allowing themselves to get bogged down in day to day minutiae.

There is far more to good delegation than merely deciding which people should do which tasks. It goes without saying that you have to have the right people in the right place before you can even begin to think about delegating.

As a business grows and expands one of the key tasks of an owner manager is ensuring they have the right mix of skills and experience on board.

Delegating does not have to mean hands off the entire project. As a small business owner you retain full responsibly for the outcome no matter who you delegate to. Keep the lines of communication open and set milestones and timelines for a project. As your employees prove themselves to be efficient and competent you can give them more responsibly but trust is earned.

Of course, not everyone is perfect and mistakes will be made along the way, the key is not to concentrate on those mistakes. If you want a creative workplace where your staff are willing to try things for themselves then the last thing you need is a blame culture.

If people are worried that they are going to be criticised for every minor mistake then they will simply stop trying to do things for themselves and will wait to be told what to do.

Learning to delegate successfully can be a real challenge but the results will be well worth all the effort.

Do

- Take time to explain the task fully and clearly
- Allow your employee the opportunity to ask questions and add their thoughts.
- Follow up the conversation in writing with agreed timelines.

- Take time to check on how things are going and ask if they need any help.
- Resist the temptation to do it yourself because it would be quicker, in the long run it will free up much more of your time if you can delegate tasks.

Don't

- Delegate, don't dump. Before giving an employee a potentially big task, ask them about their current workload and capacity to take on more.
- Ditch criticism in front of others – at the end of the project conduct a debrief to see what went well and what could have been improved.
- Don't delegate and then pull someone off the task to do something else unless it's absolutely necessary – give people the time to shine and do the task well.
- Ditch the temptation to do it yourself because it would be quicker, you will free up much more of your time if you can delegate tasks successfully.
- Delegate but don't abdicate responsibility, stay close to the business and keep your figure on the pulse.

Hire the right people, make sure they have the right training and skills to succeed and work with them until they can fly solo on certain projects. Keep the lines of communication open and give feedback in a timely and respectful manner. Once you learn the art of effective delegation it will free up more of your time to work on the business, not in the business, and can take the company to a new level of success.

1.6   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.

1.7   References/Further Readings/Web Resources

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.

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

Authority of a manager is the right way of commanding subordinates, issuing orders, and getting the team to comply with them. Further, it is the right of the manager to make decisions and to act or refrain from acting based on his perception of the organization's objectives.

On the other hand, the responsibility of a manager is his obligation to perform the task himself.

Answer to SAE 2

The principle of parity of authority and responsibility states which in delegating; managers should match the responsibility of subordinate along with the grant of commensurate authority. Assignment of tasks or duties without sufficient authority will render a subordinate ineffectual. Authority without matching responsibility will create him irresponsible. When authority exceeds responsibility, the additional authority may be used capriciously, arbitrarily or without sufficient consideration of the effect upon others. When responsibility exceeds authority, we would effectively holding persons accountable for objectives they cannot control/change. A perfect delegation is one that makes sure a proper balance in between responsibility and authority.

UNIT 2: CORPORATE MISSION AND VISION STATEMENTS

Unit Structure

1.1   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.

1.2   Learning Outcomes

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

- discuss mission and vision of statement

- explain basic elements of a mission statement

- demonstrate the correlation between performance and well-developed mission

- discuss the process to follow in developing mission statement.

1.3   Title of the main section: Mission and Vision Statements

A mission statement is a short statement of why an organization exists, what its overall goal is, the goal of its operations: what kind of product or service it provides, its primary customers or market, and its geographical region of operation. It may include a short statement of such fundamental matters as the organization's values or philosophies, a business's main competitive advantages, or a desired future state the "vision". Historically it is associated with Christian religious groups; indeed, for many years, a missionary was assumed to be a person on a specifically religious mission. The word "mission" dates from 1598, originally of Jesuits sending ("missio", Latin for "act of sending") members abroad.

A mission is not simply a description of an organization by an external party, but an expression, made by an organization's leaders, of their desires and intent for the organization. A mission statement aims to communicate the organisation's purpose and direction to its employees, customers, vendors, and other stakeholders. A mission statement also creates a sense of identity for employees. Organizations normally do not change their mission statements over time, since they define their continuous, ongoing purpose and focus.

According to Miller and Dess define "Vision is the category of intentions that are broad, all-inclusive, and forward thinking.

According to Kotler define "Vision is a description of something (an organisation, corporate culture, a business, a technology, an activity) in the future".

According to Oren Harari define "Vision should describe a set of ideals and priorities, a picture of the future, a sense of what makes the company special and unique, a core set of principles that the company stands for, and a broad set of compelling criteria that will help to define organisational success".

Vision statement can be referred as the statement defining company's long term goals. A vision statement can exceed from one line to a few paragraphs highlighting what the organisation want to achieve in future.

An effective vision statement motivate the employees and provide them a sense of direction for carrying out day to day business activities and also help in taking strategic decisions.

Self-Assessment Exercise 1

What is a mission and vision statement?

1.3.1 Importance of Mission Statement

A mission statement encompasses an entire company or project, so there are several reasons why a mission statement is important. A mission statement is essential throughout all aspects of a company, influencing it in these key ways:

1. Creating identity

Mission statements create the core identity of a company and establish a basis for everyone in the company to make decisions. Mission statements contribute to a company's brand and encourage unity among everyone who supports or works with the company.

A company's identity differentiates it from competing organizations, and the mission statement is one of the most defined ways to express that identity to others.

2. Attracting talent

When looking for a job, many people use a company's mission statement to decide if they want to apply. A strong mission statement that people can relate to encourages

talented people to get involved with the company. Mission statements allow like-minded people with similar goals to naturally work together on projects that are most important to them.

3. Guiding culture

A company's mission statement provides a guide for the company culture and workplace environment to develop positively. The values, norms and beliefs of a company create a unique cultural environment, and mission statements provide an official method for expressing that culture. A mission statement should clearly reflect these values to guide employee actions and organizational initiatives.

4. Developing purpose

A strong mission statement gives employees purpose and improves engagement in their work. Mission statements help employees see the meaning and purpose of their work by giving them clear reasons their job benefits a larger goal.

Mission statements help employees see the positive aspects of their daily activities, boosting morale and creating long-term employee investment in the workplace culture.

5. Improving performance

Mission statements provide a clear goal for employees and can improve their job performance. They are a great way to motivate employees to work towards a company's long-term plans for growth.

A good mission statement creates an environment that encourages everyone to produce high-quality work and hold high standards for themselves. Employees can engage with a company's core values by reading its mission statement and applying those ideas to their work.

6. Building community

Mission statements help companies and employees connect with members of their community and establish a good reputation among customers, clients and business partners.

Working for a company that has a great mission statement can help you network with like-minded people who share a similar mission. A mission statement should be appealing to potential customers and community members to build positive associations with their brand.

7. Envisioning the future

A mission statement provides an ideal vision for the company's future and directs its growth. Mission statements encourage employees to think about how their actions will impact future business success and positive company culture.

Because mission statements direct employee actions, they can have a significant impact on people's futures within the company and how the organization itself will grow over time.

8. Aligning behaviors

Mission statements help everyone on a team align their behaviors toward the same goals. They can use mission statements to evaluate a business structure or make decisions about policies and procedures.

Following a mission statement makes sure different departments work together and that every aspect of the workplace contributes to progress. Mission statements keep behaviors consistent with ideal outcomes, regardless of the situation.

9. Encouraging critical thinking

Mission statements encourage people to think critically about the influence their actions will have on company goals in both the long and short term. Having a clear mission statement helps people consider how the company could grow in different contexts while still upholding their values.

A mission statement is important because it provides a concise strategy and philosophy that applies to any situation within a company.

Self-Assessment Exercise 2

Discuss importance of Mission Statement

1.3.2   Features of Vision Statement

A vision statement has following features

1. Requires Careful Thinking: Formulating a vision statement not only requires attractive tagline, but also requires strategic thinking regarding the future prospects of an organisation to achieve success.

2. Helps in Selecting Target Market: As a company cannot serve the needs of each and every type of customer, it has to customise the services for a particular target customer. Vision statement helps the organisation to decide the market segments to which the organisation would cater and make strategic decisions accordingly. In this way, the vision statement creates a strategic path for the organisation.

3. Decides the Long-Term Objectives and Focus: Strategic vision helps in deciding the direction of the organisation and the strategies needed to achieve the set targets.

4. Future-Oriented: Vision is future-oriented. Vision does not represent an organisation's present condition; it depicts the state in which an organisation wants to be within the stipulated period of time. Therefore, in other words, it can be said that the vision statement highlights the organisation's future goals and helps in formulating necessary plans. It becomes important for an enterprise to formulate the vision while keeping a bright picture of future in mind.

Self-Assessment Exercise 3

List features of a Vision.

1.3.3 Basic Elements of a Mission Statement

1. Purpose

Why does the company exist in the first place? Is it to satisfy some stakeholders needs (employees, society?) Does it exist purely to create shareholder wealth? Or does it exist to reach some other goal?

2. Strategy

A company's mission provides the commercial logic for its existence, and this helps define its entire business (e.g. products and services offered) as well as its competences, and how it plans to compete in the marketplace.

3. Policies and Standards

A mission then filters down to everyday policies and standards of behaviour. For example, if a company's mission is to be the cheapest provider in the industry, it must engage in practical policies which help achieve that mission. For example, a low cost airline may require its employees to provide their own pens, or buy their own uniforms. This is consistent with its mission of being a cheap provider of air travel.

4. Values

Values are an ideology, a means of controlling an organisation through shared beliefs. A sense of mission and values can increase loyalty and commitment to the company from both employees and customers.

1.3.4 Difference between a Vision and Mission Statement

Basis of Differences	Vision	Mission
Meaning	Vision statement defines what an organisation wishes to achieve.	Mission statement define the reasons for existence of the organisation. It

		specifies the functions and features of the organisation.
Existence	Usually lasts throughout the lifetime of the organisation.	Change or modified minimum at every 6 months.
Nature	Outlines the long-term objectives of the organisation.	Highlights the current position and gives the overview of the future in terms of product, price, market etc.
Plan of Achievement	Does not specify the plan for achieving the goals.	Specifies the plan for achieving the goals.
Time	Choose the future scenario of an organisation.	Choose the present as well as the future of an organization

1.4   Advantages and Disadvantages of Mission Statement

The advantages include:

1. Mission statements clarify purpose and determine direction. A good mission statement serves as somewhat of a guiding star for your organisation. It is a foundation for your strategy and a guiding tool for a multitude of activities: from recruitment to marketing. By definition, you can't prioritise everything, and your organisation's mission statement will help you to clarify what to focus on. It serves as a basis for the organisational objectives and goals.

2. Mission statements can motivate employees. They not only dictate and influence how organisations should act, but also heavily influence how employees think of their roles. A mission statement influences and shapes your organisational culture, and organisational culture is a crucial aspect of employee engagement and satisfaction. People want to believe in the work that they do.

3. Mission statements provide a template for decision-making. If designed well, it will provide your organisation with a framework for making decisions throughout the organisation. Your organisation's mission statement can help you evaluate options and decide what is best for your organisation according to your preferred future.

4. Mission statements focus energy and attention. It can help your employees to work through different problems and evaluate multiple possibilities. It is especially helpful when your employees are being pulled in too many directions. A well drafted mission statement allows you to have consistency across your organisation.

5. Mission statements send out a powerful message to the general public. In one or two sentences, your mission statement sums up the essence of your organisation. It speaks volumes about what you stand for, and it should make people want to know more about your organisation and support your work or buy your products or services.

6. Another benefit of having a mission statement that is perhaps not so obvious, is that it is a sure-fire way to put your organisation's vision out there for the world to see. This will potentially attract new top talent to work for your organisation, perhaps even

from your competitors, or it may persuade new talent on the market, such as university graduates, to work in your organisation and help to take it to the next level. Mission statements are great tools for recruitment in order to attract the right type of candidates to your organisation – candidates who are a good fit and who share the organisation's cultural values.

The disadvantages include:

1. Mission statements are often seen as a marketing tool rather than meaningful statements of intent and may be used as just a PR exercise.

2. Mission statements may be ignored by senior management, causing employees to become cynical. They are ineffective if not followed by everyone in an organisation at every level.

3. Mission statements can be too vague and the information is not measurable. Statements that are too broad will not define an organisation's philosophy in an original way and will provide no direction for employees to follow.

4. Mission statements can be too grand and ambitious and can damage employees' ability to meet the publicly stated goals which can affect their morale when, year after year, those grand ambitions go unmet.

1.4.1 Limitations of Vision

Vision statement suffers from following limitations:

1. Ambiguous and Incomplete: Vision statements are generally not written in detail with specifications regarding the desired future position of the organisation. This makes a vision ambiguous and incomplete.

2. Does not Highlight's the Path: The vision statement only projects an image of what the organisation wishes to achieve, but it does not tell if and how the organisation will realise the desired goals.

3. Wide-Ranging: The vision statements are so wide-ranging that the company can move in any direction, can grab any opportunity, can serve any customer at any location. Such kind of broadness in vision creates a misconception about the target market and specific direction of the organisation's growth.

4. Fails to Motivate and Assure: The vision statement at times fails to motivate the employees to pursue certain goals. It does not assure the shareholders regarding the direction of the organisation.

5. General Statement: Generally, the vision of an organisation is a common statement, making it applicable to any company. It does not provide a distinct identity to the organisation.

6. Projects a Superlative Image: It exaggerates about the future position of organisation without defining the company's strategic course. The vision statement projects the image of the organisation as the consumer's first choice, globally renowned leader, best in class, etc. Hence, it projects a superlative image of the organisation.

1.5   Seven-Step 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.

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).

1.6   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.

1.7   References/Further Readings/Web Resources

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

Bailey, J. (1996). "Measuring Your Mission." Management Accounting (USA). 78 (6) 44-46

    [Online]. www.web1.infotrac. galegroup.com

Bart, C. (1998). "Mission Matters." The CPA Journal. v68 n8 p56-57. [Online].

    www.web1.infotrac.galegroup.com

Drohan, W. (1999). "Writing a Mission Statement." Association Management. v51 p117.

    Online]. www.web1.infotrac.galegroup.com

Payne, T. (1996). "Mission/Purpose." Managers Handbook. v1 p6. [Online].

    www.web1.infotrac.galegroup.com

Stone, R. (1996). "Mission Statements Revisited." SAM Advanced Management Journal. 61 (1).

    31-37. [Online]. www.web1.infotrac.galegroup.com.

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

A mission statement summarizes your company's purpose and describes your company's philosophy and values. It's also a guiding force for decision-making and provides direction for your company leadership.

With that in mind, crafting a strong one involves addressing a few key players and doing some reflection on your values.

A vision statement is a high-level, inspirational statement of an idealistic emotional future of a company or group. Vision describes the basic human emotion that a founder intends to be experienced by the people the organization interacts with.

Answer to SAE 2

It captures your objectives, helps define your strengths and weaknesses, gives you a sense of where you're headed, and provides direction for the future. The mission statement is the first and most important tool for strategic planning.

Answer to SAE 3

1. Requires Careful Thinking

2. Helps in Selecting Target Market

3. Decides the Long-Term Objectives and Focus

4. Future-Oriented

UNIT 3:   ORGANIZATIONAL CORE VALUES

Unit Structure

1.1   Introduction

1.2   Learning Outcomes

1.3   Title of the main section: Organizational Core Values

    1.3.1   Importance of Organizational Core Values

    1.3.2   Purpose of Organizational Core Values

    1.3.3   Different types of Organizational Core Values

1.4   How to Develop Your Organizational Core Values

1.5   Examples of Organizational Core Values

1.6   Summary

1.7   References/Further Readings/Web Resources

1.8   Possible Answers to Self-Assessment Exercise(s)

1.1   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.

1.2   Learning Outcomes

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

- discuss organizational core values
- discuss the components of organizational core values.

1.3   Title of the main section: Organizational Core Values

An organisational value is "a belief that a specific mode of conduct is preferable to an opposite or contrary mode of conduct" according to Rokeach (1973, The Nature Of Human Values). We can think of them as representing frameworks for the way we do things. 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 nonnegotiable behaviours. More and more studies show that successful companies place a great deal of emphasis on their values.

Simmerly (1987) also agrees that organizational values evolve from organizational culture, in his view organizational values evolve from modes of conduct, communication styles and decision making styles within organization.

Svetlik (2004) says that organizational values are values that are being pushed forward by the management and have proven itself as a good foundation for development of organization. Same author also says that organizational values are intended to inspire employees with creative energy that will push organization forward towards desired goals.

Cingula (1992) has also discussed organizational values, he sees organizational values as: "what people within organization think is good for organization, what needs to happen within organization and what might be needed within organization in the future". Same author also says that due to mentioned above organizational values reflect the mission and strategic goals of the organization.

Self-Assessment Exercise 1

Define Organizational Core Values

1.3.1 Importance of Organizational Values

The importance of organizational values for organizations is shown even strongly now in the time of economic uncertainty then even before. Organizations use organizational values to inspire their employees as well as their customers.

Organizational values are often discussed to be a powerful marketing tool, since clear organizational values are positively noted and they encourage potential buyers to buy or use company's product. It has been established by several authors that organizational values influence organizational structure (Walsh et al. 1981, Kabanoff et al. 1995), organizational culture (Pettigrew, 1979), organizational identity (Ashforth & Mael, 1989), organizational strategy (Bansal, 2003) thus shaping organizational goals and means to achieve those goals.

The importance of organizational values is even more stressed by Musek Lešnik (2006) when he says that organization is just like a human; it makes decisions, does what it thinks its right, has legal limitations on what it can do, has moral limitations, cerates and implements its own rules and beliefs, it advances on the basis of its decisions, creates myths, legends and habits and so on. We can say that organizational values are integrated into personality of a company thus playing a similar role as values do in lives of individuals; directing behavioral patterns, influencing relationships within the organization and influencing how company perceives its costumers, suppliers and competition.

Self-Assessment Exercise 2

Discuss the importance of Organizational Values

1.3.2 Purpose of Organizational Core Values

Here are a few benefits of formalising your organisational values:

1. Sets you apart from your competitors: Organisational values are, by definition, unique to each organisation. They show the public what makes you different and can even give you a competitive advantage.

2. Guides employee decision-making: By clearly defining your organisational values, you can ensure every decision an employee makes is in line with the organisation's goals and mission.

3. Attracts like-minded talent: Your organisational values can help you to attract candidates who share the same values and fit the culture of your organisation. Over time, this can help you to build a workforce of like-minded people who will work together towards the organisation's goals.

4. Attracts customers: Today's customers like to see that the brands they buy from have values that align with theirs. Publishing your values on your website shows potential customers what you stand for.

5. Improves employee engagement: Your organisational values give your employees something to believe in and work towards. This makes them feel more connected to your organisation, improving engagement and motivation.

6. Informs strategic direction: Just as your organisational values should guide any decisions your employees make, they also underpin the major strategic decisions you make about your organisation's future.

Self-Assessment Exercise 3

What are the Purpose of Organizational Core Values

1.3.3 Different types of Organizational Core Values

Some organisational values arise purely organically, while others are the result of a concerted effort on the part of a company's leadership or HR team.

Your organisational values might include:

1. Core values: These are fundamental, ingrained principles that guide all of a company's actions. They are ethical standards that can never be compromised, and following them is non-negotiable for employees. These form a key part of your organisational values statement.

2. Aspirational values: These are ideas that a company's workforce might not necessarily embody yet, but that the company's leadership would like to see. You can

include these when putting together your organisational values, but it's best to proceed with caution: you can't expect an entire workforce to change overnight.

3. Accidental values: These are beliefs which have developed organically, perhaps because of the particular circumstances at play when a company was founded. They may or may not be values that you want the company to hold onto going forward.

1.4   How to Develop Your Organizational Core Values

Here are some steps you can take if you'd like to create a set of shared values for your company:

1. Put a Team Together

To define your organisational values, you'll first need to gather a team including your CEO, founders, and a few key employees such as HR leaders or managers. It's important to select people who you feel really espouse your company culture and understand its mission. That way, you can be sure the values you come up with together will be the right ones.

2. Brainstorm Your Values

Once you've assembled your team, it's time to get together to decide on the values you want to adopt. Many organisational values are beliefs that are strongly held by the company's leadership team, and which your best employees already embody.

Here are a few questions to ask yourself to guide your brainstorming sessions:

- What is the core purpose of your organisation?

- What are your (and your leadership team's) personal values?

- How do you want the world to see your organisation?

- What behaviours do you want to encourage in your employees?

- Which values are already embedded in your organisation's structure, culture and processes?

3. Distil Your Values into a Short List

The next step is to take the results of your brainstorming sessions and condense them into a concise and easy-to-understand set of values.

It's important not to make your organisational values too long, confusing or ambiguous. They should be easy for your employees to remember and embody in their work. Some companies even choose to create an acronym to help their employees remember their core values.

4. Get Sign-Off From Leadership

Once you've finalised your list, you'll need to present them to any relevant stakeholders so they can be officially signed off. Be prepared to explain the reasoning behind each value and tweak them according to feedback if necessary.

1.5   Examples of Organizational Core Values

Buffer: Six Core Values

The social media scheduling tool Buffer set out its first set of organisational values when it was a small start-up with just ten employees. The company has since experienced substantial growth and updated its values in 2018.

Currently, the company operates according to six core values:

1. Default to transparency
2. Cultivate positivity
3. Show gratitude
4. Practice reflection
5. Improve consistently
6. Act beyond yourself

Buffer also shares information about how these values shape the way it operates. For example, in the interest of transparency, all of Buffer's salary and DEI data is public, and its code is open source.

Kellogg's: Six Core Values

The food manufacturing company Kellogg's has defined six core values that every employee is expected to uphold:

1. We act with integrity and show respect
2. We are all accountable
3. We are passionate about our business, our brands and our food
4. We have the humility and hunger to learn
5. We strive for simplicity

Each statement also comes with a set of short bullet points that show employees how to take these values on board.

Google: Ten Things We Know To Be True

Google wrote a list entitled 'Ten things we know to be true' when the company was just a few years old and they revisit it from time to time to make sure it still holds true.

These ten statements act as a set of corporate values that Google expects its employees to abide by:

1. Focus on the user and all else will follow.
2. It's best to do one thing really, really well.
3. Fast is better than slow.
4. Democracy on the web works.
5. You don't need to be at your desk to need an answer.
6. You can make money without doing evil.

7. There's always more information out there.

8. The need for information crosses all borders.

9. You can be serious without a suit.

10. Great just isn't good enough.

1.6   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.

1.7   References/Further Readings/Web Resources

Ashforth, B.E., & Mael, F. (1989). Social identity theory and the organization. Academy of Management Review, (14) 20–39.

Bansal, P. (2003). From Issues to Actions: The Importance of Individual Concerns and Organizational Values in Responding to Natural Environmental Issues. Organization Science, 14(5), 510–527.

Cingula, M. (1992). Organizacijska kultura v implementaciji poslovne strategije. In

   Organizacija, informatika, kadri, 11. posvetovanje organizatorjev dela. Portorož, Slovenia: FOV.

Kabanoff, B., Waldersee, R., & Cohen, M. (1995). Espoused values and organizational change themes. Academy of Management Journal, 38(4): 1075-1104

Musek Lešnik, K. (2006). Pomen organizacijskih vrednot za podjetje. Retrieved from:

   http://www.ipsos.si/web-data/Templates/podjetje-vrednotepomenorganizacijskihvrednotzapodjetje.html

Pettigrew, A.M. (1979). On studying organizational cultures. Administrative Science Quarterly, 24: 570–581.

Simmerly, R.G. (1987). Strategic planning and leadership in continuing education. San Francisco, USA: Jossey-Bass Publishers.

Svetlik, I. (2004). Vrednote v organizacijah. In B. Malnar & I. Bernik (Ed.) S Slovenkami in Slovenci na štiri oči. Ljubljana, Slovenia: Fakulteta za družbene vede.

Walsh, K.I., Hinings, C.R., Greenwood, R., & Ranson, S. (1981). Power and advantage in organizations. Organization Studies 2, 131–152.

1.8 Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

Organisational values are a set of core beliefs held by an organisation. They act as guiding principles that provide an organisation with purpose and direction and set the tone for its interactions with its customers, employees and other stakeholders.

Your organisational values should be authentic and unique to your company. They should state clearly how you expect the people who work for you to act and guide them in their decision-making.

Answer to SAE 2

Organizational values guide employees' actions and attitudes, fostering a shared understanding of what are important in the workplace. This creates a sense of unity and cohesion among team members, enhancing collaboration and productivity.

These values also influence the company's approach to problem-solving and innovation. For instance, a business that values creativity will likely foster an environment where new ideas are encouraged and rewarded, driving continual improvement and growth.

From a macro business perspective, organizational values are important because they are key in shaping the business landscape and industry standards. They influence the competitive dynamics within an industry, defining what is considered acceptable or desirable behavior among competitors.

Answer to SAE 3

- Ethically ambitious: Our ethical commitments are continuous and tangible. We strive to be a company that raises the bar and makes its people proud.

- Trust trust: We trust by default. This means assuming best intentions and giving people space and freedom from day one, not asking them to earn it.

- Human first: We consider the whole human, beyond any one goal or moment. Doing so helps us support each other, and our customers, more meaningfully.

- Outwit and outgrit: To create serious change, we have to dig deeper and think smarter. Grit, resilience and creativity are the hallmarks of the underestimated.

- Selfishly diverse: Embracing diversity is a moral duty, but it's also smart. We want the full spectrum of talent in our team. Every perspective strengthens us.

UNIT 4:   CHANGE MANAGEMENT

Unit Structure

1.1   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.

1.2   Learning Outcomes

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

- discuss Change Management

- state the benefits of Change Management

- demonstrate types of Change Management.

1.3   Title of the main section: Change Management

Change management is a systematic approach to dealing with the transition or transformation of an organization's goals, processes or technologies. The purpose of change management is to implement strategies for effecting change, controlling change and helping people to adapt to change.

To be effective, the change management strategy must take into consideration how an adjustment or replacement will impact processes, systems and employees within the organization. There must be a process for planning and testing change, communicating change, scheduling and implementing change, documenting change and evaluating its effects. Documentation is a critical component of change management -- not only to maintain an audit trail should a rollback become necessary, but also to ensure compliance with internal and external controls, including regulatory compliance

Self-Assessment Exercise 1

What is change management?

1.3.1   Benefits of Change Management

All changes, big or small, benefit from well-thought-out change management. Change does not come naturally to people or organizations, so without proper management, you'll likely hit barriers and waste time and money. Change management is the key to successfully implementing changes that stick.

The benefits of addressing change management at an organizational-level include:

i. Proactively combatting internal resistance to change.

ii. Sets clear goals for change initiatives, allowing companies to monitor results.

iii. Creates strategies for implementing change effectively that can be standardized and applied to various change projects across the organization.

iv. Addresses and balances multiple aspects of change, such as people, processes, technology, etc.

v. Empowers individuals and employees to navigate the change faster, allowing them to be more productive, faster.

vi. Enables the success of change projects, allowing organizations to find ROI on their transformation projects.

Self-Assessment Exercise 2

Discuss benefits of Change Management

1.3.2   Types of Change Management

You can apply different types of change management best practices and theories, depending on the specific change you are navigating. Think about how you might approach each of these four types of changes:

i. Exceptional change: Isolated events that change an individual's experience but don't majorly affect multiple aspects of their life. For example, a name change would require some HR paperwork and a new email address but wouldn't alter the person's role at work.

ii. Incremental change: Gradual changes that do not require major or sudden shifts, such as upgrading existing technology.

iii. Pendulum change: Sudden swings from one state to another, often switching from one extreme to the opposing view or state. For example, moving from a 100% in-office work environment to a 100% remote team.

iv. Paradigm change: Changes that result in new beliefs or values and become internalized as the new norm. For example, successfully shifting from synchronous communication to a hybrid model that involves both synchronous and asynchronous communication.

Self-Assessment Exercise 3

What are the types of change management?

1.3.3 Tips to Manage Change Effectively

Based on our experience, here are six key change management best practices to follow to ensure an effective change transition.

1. Create a sense of urgency

Based on the 'Enhanced Kotter's 8-Step Change Model', this focuses on presenting the change as an urgent and exciting opportunity. You must showcase to those impacted by the change that it will help them be more productive and do their job more effectively.

2. Roll out in phases

Breaking your initiative into phases helps you avoid overwhelming your team with too much change all at once. Small, gradual change is more accessible to adopt than significant changes all at once.

You should also start with an initial beta test to a small test group or department. Once you work out any bugs in the beta phase, roll out the change to a large group, and then to the entire company.

3. Address resistance

Explain how the change will impact specific departments and individuals. You can avoid resistance and help your employees adapt to change by addressing any internal hesitancies from the beginning.

4. Use a variety of training methods

Not everyone learns in the same way, so it's important to provide guidance through a variety of training methods and types of employee training formats. You should support your end-users and employees with a mix of learning styles, including using:

- Traditional instructor-led training

- Online learning with an LMS

- Videos

- In-app guidance and on-demand support

5. Establish change leaders

Without internal buy-in, your initiative is over before it even begins. Change leaders help motivate the entire team to push forward with the transformation. Your change leaders should include a mix of employees from various departments impacted by the change. These leaders should be well-liked across the company and can influence opinions.

6. Ask for feedback

Listening to your team is a great way to improve your change management process and address any concerns or resistance. This will provide you with ways to improve future change rollouts, and get your individual employees involved with the process.

1.4   Reasons Why Change Management Initiatives Fail

To implement change successfully, determine why the change needs to happen in the first place. What are you trying to achieve, and why is that goal so important? How will the change benefit your organization, people, and processes?

Once you've settled on the overarching goal for your initiative, it's helpful to understand what factors often trip up business leaders along their change management journey. Knowledge of the typical missteps can better inform your change management strategy.

1. Low level of internal buy-in

Without the support of leadership, the people most affected by the change, and internal change agents, your initiative is dead before it even begins. Establish change leaders early on to build internal support.

2. Poor communication

People need to understand why change has to happen and how it will affect them. Avoid vague announcements and mandates for change, and focus on clear, specific change communication.

3. Lack of measurement

Your change can't be successful if you fail to define what success looks like. Set key performance indicators (KPIs) and metrics so you have a starting point, crucial milestones, and your desired end result.
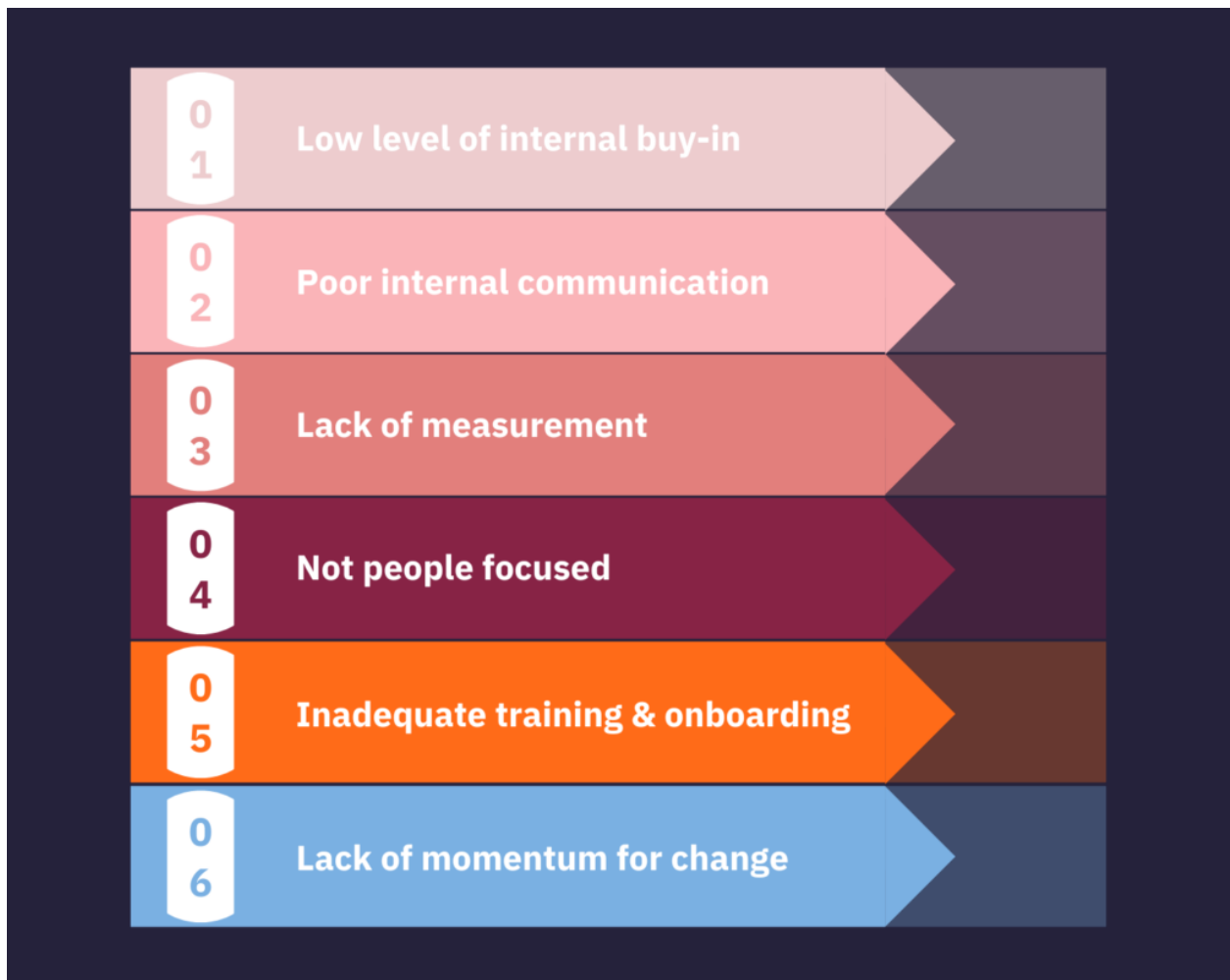
4. Not people-focused

Many companies spend so much time planning the change itself that they neglect the people who will be affected by it. Even the most detailed change strategies can fail if they don't focus on guiding people through the transition.

5. Inadequate training & onboarding

Whether you are adding new tools to your tech stack or adjusting internal processes, training is essential. Be sure to provide detailed, ongoing employee training during and after your software implementation process.

6. Lack of momentum

The 'Enhanced Kotter's 8-Step Change Model' highlights the importance of sustained acceleration. Organizations often make the mistake of easing up on the change initiative too soon. It's crucial to keep enthusiasm high all throughout the transition so you can continue to move toward your ultimate goals.

01 Low level of internal buy-in

02 Poor internal communication

03 Lack of measurement

04 Not people focused

05 Inadequate training & onboarding

06 Lack of momentum for change

1.5 Change Management Models

Change management models are theories, concepts, and methodologies that serve as guides to successful change. While they do not provide step-by-step instructions, they do create a framework for managing the entire transition.

Before you choose a change management model, think about what you plan to modify. Certain models are better suited to specific types of changes. For example, people-centric changes often benefit from emotion-based change management models, such as the Kübler-Ross Change Curve or the Bridges' Transition Model.

For changes that focus more on processes and systems, models such as the ADKAR Model or the Enhanced Kotter's 8-Step Change Model can be very beneficial. Both

models are outcome-oriented and provide a framework for accelerating transformations.

ADKAR's Change Management Model

The ADKAR Model is built around five key outcomes, all around limiting the resistance to organizational change. They are:

- Awareness

- Desire

- Knowledge

- Ability

- Reinforcement

Kotter's 8-Step Change Model

Kotter's 8-Step Model guides you to do the following:

- Create a sense of urgency.

- Build a guiding coalition.

- Form a strategic vision and initiatives.

- Enlist a volunteer army.

- Enable action by removing barriers.

- Generate short-term wins.

- Sustain acceleration.

- Institute change.

Kurt Lewin's 3-Step Change Model

Kurt Lewin a German-American psychologist, developed this 3-step model to implement change. The model consists of three steps:

- Unfreezing

- Changing

- Refreezing

The unfreezing stage "destabilizes the equilibrium" and "unleashes some energy for change". The changing stage involves entering the change using collaboration and action research; and refreezing is the stablizing stage in which new policies and standards are set.

This model of change, developed by Lewin, was a simplistic view of the process to change. This original model "developed in the 1920s and fully articulated in Lewin's (1936a) book Principles of Topological Psychology" paved the way for other change models to be developed in the future

1.6   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**.**

1.7   References/Further Readings/Web Resources

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

Canary, H. (2011). *Communication and organizational knowledge: Contemporary issues for theory and practice*. Florence, KY: Taylor & Francis.

Cheney, G. (2011). *Organizational communication in an age of globalization: Issues, reflections, practice*. Long Grove, IL: Waveland Press.

Greenberg, J., & Baron, R.A. (2010). *Behavior in organizations* (10th ed.). Upper Saddle River, NJ: Pearson/Prentice Hall. FRED C. LUNENBURG.

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

Change management is a systematic approach to dealing with the transition or transformation.

Change management is defined as the methods and manners in which a company describes and implements change within both its internal and external processes. This includes preparing and supporting employees, establishing the necessary steps for change, and monitoring pre- and post-change activities to ensure successful implementation.

Answer to SAE 2

- assess and understand the need and the impact of change.

- align resources within the business to support the change.

- manage the diverse cost of change.

- reduce the time needed to implement change.

- support staff and help them understand the change process.

Answer to SAE 3

i. Evolutionary change management: The commonest types of change management experienced by organisations by far are evolutionary change. Evolutionary change has been around since organisations of people formed. It is called evolutionary change, because it arises through the process of natural selection: it is inevitable when small variations in performance, tiny adjustments or shifts in response by people and groups occur in a changing environment. Some results from this type of change will be random and insignificant; some tend to accumulate as a continuous series of often

111

minute impacts that alter what people do, how organisations respond, and with whom, in a gradual manner. As with biological evolution, most changes are too small to notice, though when reflected on later, the distance travelled may be remarkable.

ii. Revolutionary change management: A second type of change is revolutionary change. Revolutionary change has also been around for a long time, and it is usually experienced when organisations have change forced on them by external forces – sometimes welcome, mostly not. This type of change is typically accompanied by large power shifts, and on occasion the impact may be cataclysmic.

iii. Directed change management: The third types of change management is called 'directed' or 'planned' change. Directed change was uncommon in the early part of the 20th century, but it has become increasingly common in organisations over the past 80 years, and its incidence, despite its complexity and relative lack of success is rising steeply. It is called 'directed', 'planned', or 'managed' change because it is designed to achieve a specific purpose. Making this type of change happen involves moving the management and work force and the organisational culture into alignment with the strategies, structure, processes and systems to achieve the desired state (vision).

UNIT 5:   COMMUNICATIONS PLANNING IN ORGANIZATION

Unit Structure

1.1   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.

1.2   Learning Outcomes

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

- demonstrate clearly the meaning of communication planning in an organization

- discuss the process of communication.

1.3   Title of the main section: Communication Planning

Communication planning coordinates ways to deliver information to people who are important to an organization. The plan is a detailed outline that demonstrates what communicators want to say, who they want to say it to and when and how they want to say it. The process is often important for marketing teams to connect with current and potential consumers. It can also be useful for providing consistent updates about a project to clients and stakeholders. Communication planning can enable professionals to raise awareness of specific subjects in tactical ways and evaluate how their audiences received the messages.

Self-Assessment Exercise 1

Define communication planning

1.3.1 Reasons for communication in an organization

1. Organizing communication flow

There may be a lot of information you want to share with audiences. A communication plan can organize all the details together in a clear format. It can make it easier for you to decide which news to distribute first to appeal to the audience and which news to spread next to encourage them to continue interacting with the company.

You can also rank information by its importance, which can allow you to share only the pertinent details. An organized communication flow can enable you and your team to collaborate more easily. You can also ensure that external parties, such as stakeholders and consumers, have updated information about the organization.

2. Distinguishing your message from others

A communication plan can allow you to approach conversations more strategically. The more you engage the audience, the more likely they can differentiate the information you provided from other messages they've received. Strong communication techniques can ensure that consumers comprehend important details you wanted them to know. They can also remember the contact that you facilitated

instead of the ones from competitors. If the audience experiences information overload, an effective campaign can allow the message you crafted to capture and sustain attention.

3. Encouraging the audience to act

Another reason to implement a communication plan is to encourage the audience to act in favor of the business. This can be significant if you want to communicate with consumers for promotional reasons. With a plan, you can determine the actions that can have a positive impact on the brand you represent. Examples include engaging with online content, subscribing to services and buying products. You can also deploy messages that can resonate with the audience, convincing them to support the company.

Self-Assessment Exercise 2

Reason for communication in an organization

1.3.2 How to create communication plan

Follow these steps to create a cohesive communication plan:

1. Define the purpose of the plan

The first step is to determine what you hope to achieve with your communication plan. The purpose can dictate the context of your message and the media you may use to share your message with others. Think about why it's important for you to distribute the information to the audience. You can consider what you want the receivers to know about the organization and how you want them to feel after they hear from you. For example, if you're releasing a new product, then you might want consumers to know about the product's benefits and feel encouraged to purchase it.

It may be helpful to keep your purpose concise and narrow. Contemplate dedicating communication plans to particular subjects to make the delivery more focused. Once you've figured out your communication goals, you can commit the rest of your plan to helping you accomplish them.

2. Identify the target audience

After indicating your objectives, the second step is to identify the group of people that can receive your message. Your target audience may be individuals whose actions can enable you to reach your goals. For instance, if a company is releasing a new camera, then the goal may be to persuade customers to buy the product. That means the target audience may be photographers and filmmakers who are looking for advanced technology for their work. Consider specifying your target audience as much as possible. Their personal characteristics can affect how and what you use to communicate with them.

3. Explain what you want to communicate

The third step is to specify the context of your message. Now that you know the identity of your audience and communication goals, you can specify the details you want them to hear. Use language that aligns with the organization's brand and the interests of the communication receivers. For example, if you're targeting potential customers, you might include information about the brand's mission and ways its products can benefit consumers. Consider contemplating your message from your audience's perspective. Prioritize significant information that can engage them, which can help you manifest your ideal results.

4. Specify the communication channel

The fourth step is to specify the channel, which is the tool you can use to communicate. It often depends on the relationship you share with your target audience. For example, if you're trying to reach consumers who are young adults, then you might post your message on social media because it's how they're accustomed to interacting with the brand. If you want to discuss the progress of an assignment with a client, then you might opt to email them to be more formal.

Think about the best way for your audience to receive the message you created. The channel can influence how they evaluate what you communicated. You can also use

your plan to outline multiple channels for diverse information. It can be beneficial to match the context of what you want to say with how you want to say it.

5. Indicate ways to spread the message

The fifth step is to choose a method for distributing your message to your target audience. You can choose a date and time that's most convenient for your stakeholders or consumers, which can ensure they understand your message completely. The distribution method can also enable you to receive the level of engagement that can accomplish your goal. For example, if you work for a university that's targeting its student body, you might send a mass email in the evening hours, which is when students may have completed their classes and have free time to check their inboxes.

It may also be helpful to think about how often you want to publish your message. For instance, you can consider initiating contact once a week to reinforce the context. Another option may be to divide the message into smaller details to release to your audiences gradually. Contemplating how you want to communicate can allow you to control the impact of what you want to say. You can have confidence that you're sustaining the interest of your audience. You can use also use your publishing tactics to control how stakeholders interpret the information you've given them.

6. Analyze the effectiveness of the plan

After practicing the steps of your plan, the final step is to evaluate how successful it was at reaching the target audiences. You can analyze the feedback you received from consumers or stakeholders to determine if they received your message in the way you intended. For instance, if the brand experiences an increase in sales after an advertising campaign, then you can conclude the strategies for promoting products were effective.

Reviewing your successes can help you identify ways to improve your communication plan for the future. For example, you may adjust the context of your message or choose different channels as you aim to achieve your vision. Ending each

communication attempt with a thorough evaluation can also keep you informed about changing interests in your target audiences.

1.3.3 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.

i. 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.

ii. 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.

Weihrich 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).

Self-Assessment Exercise 3

List process of communication

1.4 Forms of communication

1. Verbal communication

Verbal communication is when we use spoken language to communicate with others. We use words, phrases, sentences, conversations, etc. in the form of verbal conversations. It can be done face to face with another person or with a group of people. This can also include telephonic conversations, skype calls, etc. Many times we use non-verbal communication along with verbal communication. These include visual cues and body language.

2. Non-verbal communication

Non-verbal communication includes any other communication that is not verbal such as gestures, signs, facial expressions, etc. Verbal communication is frequently supplemented by non-verbal communication. It supplements it. However, it can be used as the sole mode of communication as well such as sign languages. Using sign language is a form of communication.

Non-verbal communication also consists of body posture, pointing, eye contact, touch, and overall movements of the body. It also consists of the tone, pitch, and quality of the voice.

3. Written communication

This can be in the form of a letter, email, case report, or comment on social media. It can be handwritten or typed. Some people choose to use written communication as the main communication form. One good example is a person who uses a high-tech Augmentative & Alternative Communication device (AAC) to type their communicative messages. Another example would be of a person whose written modality is preserved after a stroke but the verbal mode is impaired.

4. Listening

Active listening is one of the crucial parts of communication. Only when we actively listen can we meaningfully engage with the person talking to us. If you do not heed to a conversation, it can get difficult for you to respond appropriately.

5. Visual communication

Visual communication is a form of communication that takes place with the help of visual aids. Some of the examples include the following:

- Drawings

- Illustrations
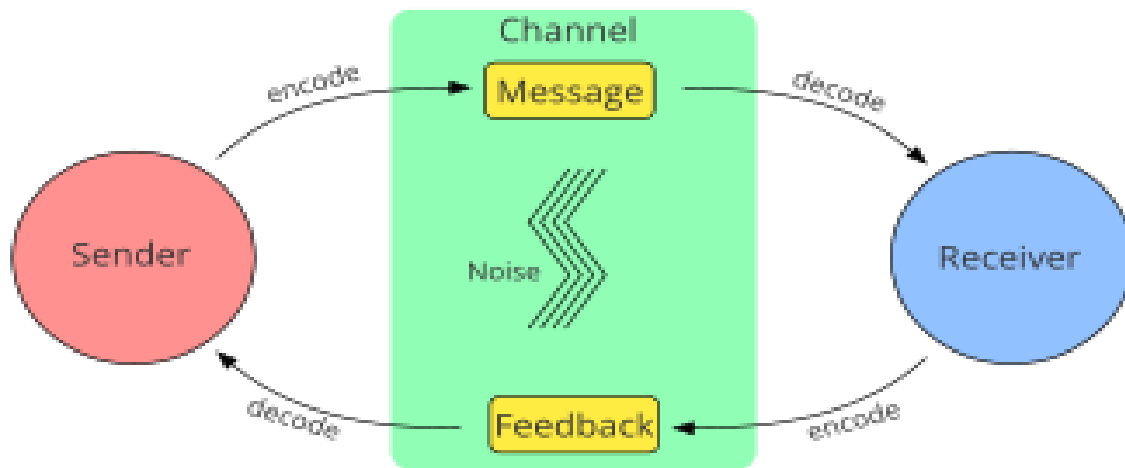
- Colors

- Road Signs.

- Symbols

- AAC devices

It is a common form of communication. Visual communication such as signs and symbols can be useful. An advantage of using visual communication such as signs and

symbols is that it is the most universal form of communication. For example, a red traffic light means "Stop" all over the world. The meaning of this color is to stop no matter which country you are in. Visual communication is also easy to comprehend.

With visual communication, there are always a lot of ways to be creative. Many individuals use a visual mode of communication as the sole form of communication on a daily basis. These include high or low-tech AAC devices used by children who are non-verbal communicators. They use signs and symbols by means of pointing at their AAC devices.

1.5   Models of communication

Models of communication are simplified representations of the process of communication. Most models try to describe both verbal and non-verbal communication and often understand it as an exchange of messages. Their function is to give a compact overview of the complex process of communication. This helps researchers formulate hypotheses, apply communication-related concepts to real-world cases, and test predictions. Despite their usefulness, many models are criticized based on the claim that they are too simple because they leave out essential aspects. The components and their interactions are usually presented in the form of a diagram. Some basic components and interactions reappear in many of the models. They include the idea that a sender encodes information in the form of a message and sends it to a receiver through a channel. The receiver needs to decode the message to understand the initial idea and provides some form of feedback. In both cases, noise may interfere and distort the message.

Models of communication are classified depending on their intended applications and on how they conceptualize the process. General models apply to all forms of communication while specialized models restrict themselves to specific forms, like mass communication. Linear transmission models understand communication as a one-way process in which a sender transmits an idea to a receiver. Interaction models include a feedback loop through which the receiver responds after getting the message. Transaction models see sending and responding as simultaneous activities. They hold that meaning is created in this process and does not exist prior to it. Constitutive and constructionist models stress that communication is a basic phenomenon responsible for how people understand and experience reality. Interpersonal models describe communicative exchanges with other people. They contrast with intrapersonal models, which discuss communication with oneself. Models of non-human communication describe communication among other species. Further types include encoding-decoding models, hypodermic models, and relational models.

1.6   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.

1.7   References/Further Readings/Web Resources

Gerbner, George (1956). "Toward a General Model of Communication". Audio Visual

   Communication Review. 4 (3): 171–199. ISSN 0885-727X. JSTOR 30218421

Holmes, David (2005). Communication Theory: Media, Technology and Society. SAGE. pp. 57–

   8. ISBN 9780761970705.

Inett, P, & Shewchuk, J. (2005). This Factsheet: Communications Planning for Organizations.

   www.gov.on.ca/omaf

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

A communication plan is a policy-driven approach to providing company stakeholders with certain information. Communication plans are typically used in business settings to ensure all parties have the latest updates on projects, goals and objectives.

Communication planning represents the dedication of an organization to transparent and ongoing relationships with stakeholders. It defines the ways and means of communication, targeted audiences, and attitudes or behaviours outreach should impact.

Answer to SAE 2

1. Organizing communication flow: There may be a lot of information you want to share with audiences. A communication plan can organize all the details together in a clear format.

2. Distinguishing your message from others: A communication plan can allow you to approach conversations more strategically. The more you engage the audience, the

more likely they can differentiate the information you provided from other messages they've received.

3. Encouraging the audience to act: Another reason to implement a communication plan is to encourage the audience to act in favor of the business. This can be significant if you want to communicate with consumers for promotional reasons.

MODULE THREENEED FOR ORGANIZATIONAL STRUCTURE

UNIT 1:   DEFINITION OF NEED FOR ORGANIZATIONAL STRUCTURE

Unit Structure

1.1   Introduction

Organizational structure is important because it orders your organization to deliver value to a market. Your organization's value chain is the sequence of high-level operations that represents your core value-creating process. It is the translation of competitive strategy into activity.

By assigning specialized roles to lower-level employees, businesses can make better decisions faster. Additionally, organizational structures provide a clear org chart that helps businesses keep track of their human resources.

1.2 Learning Outcomes

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

- discuss need for organizational structure

- demonstrate important of organizational structure

- nature of organizational structure.

1.3 Title of the main section: Need for Organizational Structure

Organizations are systems created to achieve common goals through people-to-people and people-to-work relationships. They are essentially social entities that are goal-directed, deliberately structured for coordinated activity systems, and are linked to the external environment.

Self-Assessment Exercise 1

What is Need for Organizational Structure

1.3.1 Important of Organizational Structure

There are a number of factors that differentiate small-business operations from large-business operations, one of which is the implementation of a formal organizational structure. Organizational structure is important for any growing company to provide guidance and clarity on specific human resource issues, such as managerial authority. Small-business owners should begin thinking about a formal structure early in the growth stage of their business.

Organizational structure is important because it orders your organization to deliver value to a market. Your organization's value chain is the sequence of high-level operations that represents your core value-creating process. It is the translation of

competitive strategy into activity. The value chain is thus the central organizing principle for decisions about structure. If organizations are structured according to a different central principle, the organization is then designed to do something different.

Create a tight connection between the ideas of competitive strategy, value chain, and structure. It is in this relationship that the importance of organizational design structures are clearly recognizable. The benefit of this understanding is that the core work of your organization will always remain the foundation of observations, deliberations, and decisions associated with the way you organize and lead people.

Another importance of organizational structure in business is that it defines the formal way in which work and people are grouped into units. It follows the value chain. Structure helps shape benefits available through skill specialization, focused attention, control and coordination, cost reduction, and opportunity for leadership development. (Mahler, 1975)

The core ideas that form the basis of structural decisions are work and work in boundaries. We started the conversation of work when discussing the value stream as the core expression of competitive strategy. The value stream is the work. It might surprise you to learn that many organizations do not have a clear and explicit understanding of the end-to-end value-generation process. It is this level of work granularity that allows the notion of unit operations to become visible. Organizations are structured to deliver these unit operations. This is called work in boundaries.

Self-Assessment Exercise 2

Discuss Important of Organizational Structure

1.3.2 Nature of Organizational Structure

The structure of an organization should always be dynamic. A static and rigid structure only creates difficulties and hurdles. The structure must conform to requisite changes at all times.

The main reason for this requirement is that external environments influence all businesses. For example, social, technological, economic and political factors play a huge role here. As a result, the organization must be able to adapt to these changes at all times.

Furthermore, it can become necessary for an organization to hire more employees or cut down its task force. External factors are responsible for this as well. If that happens, the structure always must be flexible enough to mend itself.

Finally, an organizational structure must be clear. Each member must expressly know what her responsibilities are. Ambiguities in the division of responsibilities create many problems.

Self-Assessment Exercise 3

Discuss Nature of Organizational Structure

1.3.3 Development of Organizational Structure

Every time an organization creates its structure, it has to consider various factors. Since there are no fixed rules for this purpose, some common guidelines can be of great help. Here are some considerations one always must keep in mind while designing such structures.

1. Clear Definition of Objectives

Firstly, the main objectives of the organization must be absolutely clear. These objectives determine what kind of structures are required. A standard structure can never suit every kind of organizations.

2. Identification and Grouping of Activities

The next step here is to identify activities that members of the organization have to perform. Since every business activity requires many tasks, clear identification of

them is important. After identification, it is necessary to group these activities into classes on the basis of their nature.

Almost all business organizations have various departments looking after various functions. For example, there can be production, marketing, accounting, and human resources departments.

3. Determination of the Structure

After completing the first two steps, the organizers finally determine the overall structure. He defines the ranks and hierarchy in which people will function. Creation of departments also happens in this step. Consequently, managers and employees become aware of their exact roles and responsibilities.

4. Revision of the Structure

Once the structure starts functioning, it can show up problems and shortcomings. For example, the marketing and sales departments often perform similar functions. Consequently, this can show up difficulties in the clear demarcation of work between them.

The organizers must always try to find such problems and resolve them. This the reason why organizational structures must be flexible and not rigid.

1.4   Elements of Structure

While the need for structure is clear, the best structure for a particular coalition is harder to determine. The best structure for any organization will depend upon who its members are, what the setting is, and how far the organization has come in its development.

Regardless of what type of structure your organization decides upon, three elements will always be there. They are inherent in the very idea of an organizational structure.

They are:

Some kind of governance

Rules by which the organization operates

A distribution of work

Governance

The first element of structure is governance - some person or group has to make the decisions within the organization.

Rules by which the organization operates

Another important part of structure is having rules by which the organization operates. Many of these rules may be explicitly stated, while others may be implicit and unstated, though not necessarily any less powerful.

Distribution of work

Inherent in any organizational structure also is a distribution of work. The distribution can be formal or informal, temporary or enduring, but every organization will have some type of division of labor.

There are four tasks that are key to any group:

i. Envisioning desired changes: The group needs someone who looks at the world in a slightly different way and believes he or she can make others look at things from the same point of view.

ii. Transforming the community: The group needs people who will go out and do the work that has been envisioned.

iii. Planning for integration: Someone needs to take the vision and figure out how to accomplish it by breaking it up into strategies and goals.

iv. Supporting the efforts of those working to promote change: The group needs support from the community to raise money for the organization, champion the

initiative in the state legislature, and ensure that they continue working towards their vision.

1.5   What Makes a Good Organizational Structure

Lateral capability further integrates an organization across the structure that develops from departmentalization that separates work into work in boundaries. It is through the deliberate development of lateral capability that an organization can respond effectively to challenges that are not neatly addressed through the formal structure. This capability, therefore, allows an organization to make more decisions more often based on perspectives, capabilities, experiences, and knowledge drawn from across the vertical organization structure. For those who say "structure limits flexibility", this is the answer.

There is a hierarchy of lateral integration mechanisms. The informal organization is at the bottom or most basic level. This is the easiest and least costly integration mechanism to develop and manage. At the other end of the continuum is the matrix organization. The defining characteristics of the matrix are dual reporting relationships and a balance of power. It is a sophisticated and costly form of lateral capability that requires significant managerial and leadership maturity from members of the organization. It is good economic and managerial guidance to work as low on this continuum as possible.

1.6   Summary

Structure is what ensures that your organization will function smoothly and as you intended. You should think about structure early in the development of your organization, but be aware that the type that fits best may change as your organization grows.

1.7   References/Further Readings/Web Resources

Berkowitz, W., & Wolff, T. (1999). The spirit of coalition building. Washington, DC: American

   Public Health Association.

Unterman, I. & Davis, R. (1984). Strategic management of not-for-profit organizations: From

   survival to success. New York, NY: Praeger.

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

Organizational structure is a way or method by which organizational activities are divided, organized and coordinated. The organizations created the structures to coordinate the activities of work factors and control the member performance.

Answer to SAE 2

The importance of organizational structure is found in its relationship to strategy and the value chain. The structure is an expression of work that is separated into work in boundaries to deliver the value chain. Because of this separation, it is also necessary to address the concept of glue needed to re-integrate unit operations into a single value chain. It is also necessary to understand that no structure can meet all your operational needs for flexibility and speed.

If you're interested in the structure of your organization, the first step is to have a conversation with your leadership team about your strategy and your value stream. The benefit of this first step is that you are looking at the bedrock on which an effective and rational organizational structure is built.

Answer to SAE 3

An organizational structure is simply the pattern or network of division of these roles and responsibilities. Thus, which person has to perform which task is what the organizational structure explains. Such a structure also depicts the hierarchy in which members of an organization rank themselves.

UNIT 2:   ORGANIZATION THEORIES AND APPLICATION

Unit Structure

1.1   Introduction

Economists, business analysts and academic researchers who study organizational theory are interested in understanding the dynamics of a successful business. They may evaluate the importance of the professional and social relationships among employees and structures between business leaders and their staff that encourage productivity in the workplace.

1.2   Learning Outcomes

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

- discuss organizational theories

- evaluate types of organizational theories

- demonstrate formal and informal organizations

- discuss centralization and decentralization.

1.3   Title of the main section: Organization Theories and Application

Organizational theory is the sociological study of the structures and operations of social organizations, including companies and bureaucratic institutions. Organizational theory includes the analysis of the productivity and performance of organizations and the actions of the employees and groups within them.

In the early 20th century, theories of organizations initially took a rational perspective but have since become more diverse. In a rational organization system, there are two significant parts: Specificity of Goals and Formalization. The division of labor is the specialization of individual labor roles, associated with increasing output and trade. Modernization theorist Frank Dobbin wrote that "modern institutions are transparently purposive and that we are in the midst of an extraordinary progression towards more efficiency." Max Weber's (1905) conception of bureaucracy is characterized by the presence of impersonal positions that are earned and not inherited, rule-governed decision-making, professionalism, chain of command, defined responsibility, and bounded authority. Contingency theory holds that an organization must try to maximize performance by minimizing the effects of various environmental and internal constraints, and that the ability to navigate this requisite variety may depend upon the development of a range of response mechanisms.

Dwight Waldo in 1978 wrote that "organization theory is characterized by vogues, heterogeneity, claims and counterclaims." Organization theory cannot be described as an orderly progression of ideas or a unified body of knowledge in which each development builds carefully on and extends the one before it. Rather,

developments in theory and descriptions for practice show disagreement about the purposes and uses of a theory of organization, the issues to which it should address itself (such as supervisory style and organizational culture), and the concepts and variables that should enter into such a theory. Suggestions to view organizations as a series of logical relationships between its participants have found its way into the theoretical relationships between diverging organizational theories as well as explain the interdisciplinary nature of the field.

Self-Assessment Exercise 1

Define Organizational theory

1.3.1 Types of Organizational Theories

The six primary organizational theories include:

1. Classical theory

Classical theory can address the primary aspects of a business's formal organizational structure. This theory discusses how to divide up professional tasks in the most efficient and effective way.

Classical theorists pay particular attention to the professional dynamics and relationships within an organization and how these relationships may impact the company's function and production.

The underlying purpose of this theory is to help businesses create the most beneficial structures within a company that can then help the organization accomplish its goals. The four principles of the classical theory include:

- Division of labor: This principle argues that the production of a commodity splits into various divisions of manufacturing, and the people work within each division according to their area of specialization. This process results in maximum product output with minimum expenses.

- Scalar and functional processes: The scalar process deals with a company's vertical growth, meaning the relationships between business leaders and their employees. This means that professionals in management instruct their employees, and employees carry out the actions.

- Structure: The principle of structure describes patterns of professional behavior that lead to the accomplishment of the organization's goals. Structure is a tool that may facilitate relationships between all aspects of the company or business.

- Span of control: The span of control means attributing the appropriate numbers of employees to a supervisor so they can implement the principles of coordination, planning, motivation and leadership. This is about assigning the maximum number of employees to a manager while also allowing them enough time and support to lead their staff.

The characteristics of the classical Organizational theory are;

- The classical theory is built on an accounting model

- It has put the focus on finding issues after they have been made and then solving them

- The theory is about outputs and not input by employees

- The labour is not divided based on the jobs that are performed in the organisation

- Labour is considered stable and not subjected to change in the organisation

- The classical theory is in favour of an integrated and centralised system where the authority lies with the central figure

2. Neo-classical theory

Beginning with the Hawthorne studies in the 1920s, the neo-classical theory focuses on the emotional and psychological components of peoples' behavior in an organization. Sociologists and psychologists found topics like leadership, morale and cooperation contribute to professional habits and behaviors.

This theory argues that a sense of belonging and social acceptance is an important aspect of positive performance in the workplace. This means that effective leaders understand how the group dynamics may contribute to the success of the organization overall.

Business leaders may implement systems and strategies to improve the interpersonal skills of their employees and facilitate meaningful professional connections through motivation, counseling and communication.

The characteristics of the neo-classical Organizational theory are

- In this theory, behavioural science is included in the management

- It takes a human relations approach in the organization

- It considers that both formal and informal structure exists in the organization

- The informal structure that happens because of social interactions between workforce affects and is affected by the formal one. Generally, a conflict can be seen between individual and Organizational interest and thus, one needs to integrate them to reach common goals.

- The theory asserts that individuals are diversely motivated as they want to fulfil specific needs

- The Neo-Classical Organizational theory believes that it is teamwork that can enable smooth functioning of the organisation. It is achievable through behavioural approach for instance how individuals interact and then respond to each other

3. Modern theory

Modern theory, also called modern organizational theory, includes multiple management development approaches. This theory considers interactions between people within an organization and the surrounding environment, as well as the interpersonal interactions between members of the organization.

Theorists based this approach on systems analysis and used both quantitative and behavioral sciences to develop it. This means that professional leaders who adopt this theory may use statistical and mathematical information to make business decisions while also considering the satisfaction and happiness of their employees.

Managers who implement this approach may require an in-depth knowledge of their employees' behaviors in order to implement programs that further their productivity and professional development.

The essentials of the modern Organizational theory are;

- The modern theory accepts an organisation as an open system that regularly interacts with the environment to develop, sustain and grow in the market. In this theory, the existence of several essential elements like environment, feedback, process, output, transformation and input is accepted

- The approach includes multidimensional and multilevel aspects of the organisation and encompasses both the macro and microenvironment of the organisation.

- The organisation is adaptive by nature and can adjust to the changing environment

- It considers the organisation as a dynamic system

- In modern theory, results are uncertain and dependent on the chance of occurrence

- It is multivariable and shows that the events can be the result of numerous variables that can be either interdependent or interrelated

4. Contingency theory

Contingency theory, also called decision theory, views organizations as a structure composed of choice-makers, and argues that there is no one right way to make a decision. Herbert A. Simon, a primary contributor to this theory, found that while people make business decisions at all levels of an organization, employees working at higher levels make the most valuable or impactful choices.

This theory argues that the ideal decision or choice may differ from one organization to another, so choices are dependent on various internal and external factors. This means that the success of a business is contingent on the decisions made by the organization's leaders. Contingency theorists believe that management is responsible for analyzing business situations and then acting accordingly to address any issues or challenges.

5. Motivation theory

The motivational theory includes the study of what drives and inspires members of an organization to work toward their professional goals. Theorists who support this approach argue that employees perform their job duties accurately and productively when management knows how to motivate them correctly.

This may require business leaders to thoroughly understand their employees' behavioral patterns and preferences to recognize the most beneficial way to support them. The goal of this is to increase company productivity on the basis that appropriately encourages employees to perform more efficiently, thus increasing production and profit.

Managers may consider intrinsic and extrinsic factors that can impact their employees' feelings and experiences in order to develop effective systems and managerial strategies.

6. Open systems theory

Open systems theory is a concept that argues that an organization's environment influences it, and understanding the impact of this influence may help managers develop more effective leadership strategies. Theorists categorize the environmental factors that impact an organization as specific or general.

Specific factors may include the vendors or distributors that a company works with, industry competitors or government agencies that control or interact with production and regulation. Alternatively, general factors include four primary aspects that occur because of the geographic location of the organization.

These aspects include:

i. Economic conditions: The geographic location of a business can have a great impact on the company's ability to grow and remain successful because of local economic trends and events, including recessions and economic upswings.

ii. Cultural values: The cultural values of a community can influence customers' viewpoints and standards. This may influence whether they support your business or organization, and business leaders may use this theory to adapt to local cultural ethics.

iii. Education systems: Areas with strong education systems may be ideal for businesses that are in the technology industry or other companies that may rely on employees with extensive academic training.

iv. Legal consideration: The legal and political environment, including the taxes and regulations on business operations, may impact the stability and security of an organization. This may influence its ability to remain productive and successful.

Self-Assessment Exercise 2

Discuss any three (3) types of Organizational Theories

1.4   Formal and Informal Organizations

When the managers are carrying on organizing process then as a result of organizing process an organizational structure is created to achieve systematic working and

efficient utilization of resources. This type of structure is known as formal organizational structure. Formal organizational structure clearly outlines the job to be performed by each individual, the authority, responsibility assigned to every individual, the superior-subordinate relationship, and the designation of every individual in the organisation. This structure is created intentionally by the managers for achievement of organisational goal.

Features of Formal Organization:

• The formal organizational structure is created intentionally by the process of organizing.

• The purpose of formal organizational structure is achievement of organizational goal.

• In formal organizational structure each individual is assigned a specific job.

• In formal organizations, every individual is assigned a fixed authority or decision-making power.

• Formal organizational structure results in creation of superior-subordinate relations.

• Formal organizational structure creates a scalar chain of communication in the organization. **Advantages of Formal Organization**:

• Systematic Working: Formal organization structure results in systematic and smooth functioning of an organization.

• Achievement of Organizational Objectives: Formal organizational structure is established to achieve organizational objectives.

• No Overlapping of Work: In formal organization structure, work is systematically divided among various departments and employees. So there is no chance of duplication or overlapping of work.

- Coordination: Formal organizational structure results in coordinating the activities of various departments.

- Creation of Chain of Command: Formal organizational structure clearly defines superior subordinate relationship, i.e., who reports to whom.

- More Emphasis on Work: Formal organizational structure lays more emphasis on work than interpersonal relations.

Disadvantages of Formal Organization:

- Delay in Action: While following scalar chain and chain of command actions get delayed in formal structure.

- Ignores Social Needs of Employees: Formal organizational structure does not give importance to psychological and social need of employees, which may lead to demotivation of employees.

- Emphasis on Work Only: Formal organizational structure gives importance to work only; it ignores human relations, creativity, talents, etc.

In formal organizational structure, individuals are assigned various job positions. While working at those job positions, the individuals interact with each other and develop some social and friendly groups in the organisation. This network of social and friendly groups forms another structure in the organisation which is called informal organisational structure.

The informal organizational structure gets created automatically and the main purpose of such structure is getting psychological satisfaction. The existence of informal structure depends upon the formal structure because people working at different job positions interact with each other to form informal structure and the job positions are created in formal structure. So, if there is no formal structure, there will be no job position, there will be no people working at job positions and there will be no informal structure.

Features of Informal Organization:

• Informal organizational structure gets created automatically without any intended efforts of managers.

• Informal organizational structure is formed by the employees to get psychological satisfaction. • Informal organizational structure does not follow any fixed path of flow of authority or communication.

• Source of information cannot be known under informal structure as any person can communicate with anyone in the organization.

• The existence of informal organizational structure depends on the formal organisation structure.

Advantages of Informal Organization:

• Fast Communication: Informal structure does not follow scalar chain so there can be faster spread of communication.

• Fulfils Social Needs – Informal communication gives due importance to psychological and social need of employees which motivate the employees.

• Correct Feedback – Through informal structure the top level managers can know the real feedback of employees on various policies and plans.

• Strategic Use of Informal Organization – Informal organization can be used to get benefits in the formal organisation in the following way:

i. The knowledge of informal group can be used to gather support of employees and improve their performance.

ii. Through grapevine important information can be transmitted quickly.

iii. By cooperating with the informal groups, the managers can skilfully take the advantage of both formal and informal organisations.

Disadvantages of Informal Organization:

• Spread Rumours: According to a survey 70% of information spread through informal organizational structure are rumors which may mislead the employees.

• No Systematic Working: Informal structure does not form a structure for smooth working of an organization.

• May Bring Negative Results: If informal organisation opposes the policies and changes of management, then it becomes very difficult to implement in an organization.

• More Emphasis to Individual Interest: Informal structure gives more importance to satisfaction of individual interest as compared to organizational interest.

1.5   Centralization and Decentralization

A simple way to understand if an organization is working in a centralized or decentralized manner is by looking at two important aspects:

1. The place of the decision-making authority in the hierarchy of the management i.e. Centralized.

2. The degree of decision-making power at the lower echelons in the organization i.e. Decentralized.

An organization has a greater degree of decentralization if the number of decisions made and functions affected at the lower level are higher.

Further, while decentralization and delegation of authority might seem similar, you must not confuse one with another. A decentralized way of working is more about the philosophy of the organization.

Unlike delegation, it is not just about handing over a part of the authority to a subordinate but a way of approaching the decision-making process in the organization.

Decentralization is a choice, while delegation is a must. Let's take a quick look at the advantages of centralization and decentralization:

Advantages of Centralization

i. The organization can strictly enforce uniformity of procedures and policies.

ii. It can help in the elimination of overlapping or duplicate activities and save costs.

iii. The organization has a better chance of utilizing the potential of its outstanding employees.

iv. It offers a better control over the activities of the organization by ensuring consistency in operations and uniformity in decision-making.

Advantages of Decentralization

i. Faster decision-making and better quality of decisions

ii. Improves the effectivity of managers.

iii. Offers a democratic environment where employees can have a say in their governance.

iv. Provides good exposure to mid and lower-level managers and creates a pool of promotable manpower with managerial skills.

v. Since managers can see the results of their own actions, they are more driven and have improved morales.

Both centralization and decentralization have their own advantages and disadvantages. Even if an organization is working in a decentralized manner, some functions are usually centralized.

Factors determining the Degree of Decentralization

While the degree of decentralization depends on a wide range of factors which are different for different organizations, here is a common list:

i. Significance of the decision: Decisions which are costly either in terms of money, goodwill of the company, employee morale and other such decisions which are significant to the organization are centralized at the top-levels of the organization.

Therefore, even in a decentralized organization, these decisions are made in a centralized manner. It is not that high-level managers do not commit mistakes.

However, the enterprise expects them to commit fewer and less-critical mistakes. This is because they are trained, experienced, and have the right information to arrive at the best decision.

From observation, it is evident that the primary factor behind centralizing authority is the weight of responsibility since delegating authority does not imply delegating responsibility.

ii. Size of the Enterprise: The size of the organization is an important factor which determines the degree of decentralization. A larger firm needs more decisions. Also, a large-sized company has numerous departments and levels.

Coordinating all of them and consulting several specialists and executives can take a lot of time, delaying the decision.

And delayed decisions tend to cost more. Segregating the organization into smaller decentralized units enhances efficiency and minimizes costs.

Organizations try to ensure that the size of each unit is such that it is easily manageable and decentralize authority accordingly.

iii. The Attitude and Philosophy of the Management: Decentralization is the dispersal of authority. Therefore, the attitude of senior management plays an important role in the extent and mode of authority dispersal. Usually, senior executives with a traditional mindset are a little skeptical about decentralizing authority.

On the other hand, executives with a rational managerial temperament rely on the participative approach of doing work. These executives try to make the best out of individual initiative and opt for decentralization.

iv. Control Techniques: In most organizations, senior management believes that some vital aspects like the price of the product, credit offered, etc. must have a uniform policy.

And centralization is the best way to achieve this. This desire to control these aspects deters the organization from allowing even the regional offices to make decisions about these aspects.

There is no denying the fact that a uniform policy has many advantages. However, the organization cannot ignore the costs involved in centralized decisions.

Also, low and mid-level managers find their initiatives arrested and see few opportunities to grow within the organization.

v. Availability of Capable Executives: Many times, senior executives are willing to disperse authority but are unable to find qualified and capable junior managers to do so. This dearth of capable executives can restrict the nature and extent of decentralization.

Further, many organizations train the junior managers to bring them up the curve. Interestingly, decentralization offers many opportunities to impart the training too.

vi. External Environment Influences: Many external forces also play an important role in determining the mode of decentralizing authority. External forces like government control, unions, fiscal policies, etc. are some examples.

In the real world, these factors deter the management of an organization from dispersing authority since these external forces control many factors.

Self-Assessment Exercise 3

What is centralization and decentralization in an organization?

1.6   Summary

Fruitful management needs an understanding of the ultimate conceptions of real management skills and philosophies. With the intention of gaining such comprehension, and cope successfully and proficiently, managers must grow consciousness of previous management philosophies, representations and principles. The necessity for a formal management theory was increasing significantly since the turn of the 19th Century, that organization essentially an arrangement to guide managers in an effort to increase efficiency and productivity of workforces. Theory of Classical management is a set of comparable philosophies on the management of the organization that developed in the later part of the 19th and the starting of the 20th centuries. As specified earlier in the paper Scientific, Administrative and Bureaucratic are offered as the three key categories under classical theory. The major and common features of all the three divisions are they stressed the financial reasonableness of organization and the management. The key influence of the classical school of management comprises relating science in everyday management, increasing basic management function and processes, and determining the application of specific principles of the concept of management. Yet, the classical theory is evaluated as out-of-date and has become history, still this is the principal school of management thought of organization and the most predominant kind of management seen in today's business arrangements in practice even though they do not in real terms reflect universal use and appeal.

1.7   References/Further Readings/Web Resources

Delegation in management: definition & explanation. Retrieved from

http://study.com/academy/lesson/delegationin-management-definition-lesson-quiz.html

Five steps to effective delegation working with your colony. Retrieved from

http://www.akpsi.org/document.doc?id=410

Formal and informal organization: features, advantages and disadvantages. Retrieved from

http://www.yourarticlelibrary.com/organization/formal-and-informal-organization-features advantagesand-disadvantages/8654/

Hanks, G. (2016). what is differentiation & integration in organization development? Retrieved from http://smallbusiness.chron.com/differentiation-integration-organization-development-70838.html

Types of Organizations. Retrieved from http://smallbusiness.chron.com/different-types- organizational-structure723.html

Waldo, Dwight. (1978). "Organization Theory: Revisiting the Elephant." *Public Administration Review* 38(November/December). p. 597

Weber, Max. (1905). *The Protestant Ethic and the Spirit of Capitalism*. via Marxists Internet Archive.

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

The Organizational Theory refers to the set of interrelated concepts, definitions that explain the behavior of individuals or groups or subgroups, who interacts with each other to perform the activities intended towards the accomplishment of a common goal.

In other words, the organizational theory studies the effect of social relationships between the individuals within the organization along with their actions on the organization as a whole. Also, it studies the effects of internal and external business environment such as political, legal, cultural, etc. on the organization.

The term organization refers to the group of individuals who come together to perform a set of tasks with the intent to accomplish the common objectives. The organization

is based on the concept of synergy, which means, a group can do more work than an individual working alone.

Answer to SAE 2

1. Contingency or situational organization theory: Is one in which uncertainty determines structure, and where variables can be neither controlled nor predicted. In this type of organization, no set management principles are defined. Each manager must perform and rely on their own experience and judgment to manage the uncertain circumstances they are facing. Different environments require different organizational relationships to effectively accomplish goals. Decisions are based on potential outcomes of any situation and are successful when relevant information is acted upon and irrelevant information is ignored.

2. Culture organizational theory: Postulates that organizations are formed according to the cultural values, what is right or wrong, good or bad, and important or insignificant, of the employees. A country's values, such as democracy, individual rights and freedoms, or a puritan work ethic, influence the organization as do regional and local values. Culture is enforced by ceremony, symbols and languages in the form of awards, mission statements and slogans. Knowledge of preferred technologies and traditions guide the organization.

3. Bureaucratic organizations: Have well-defined hierarchies, division of labor, specialization, regulations and impersonal relationships between managers and employees. Competence is the basis for all decisions made in hiring, job assignments and promotions. This eliminates personal bias and emphasizes ability and merit throughout the organization. These organizations are characterized by high-level officials supervising low-level employees with progress based on competence in a field.

Answer to SAE 3

Centralization and Decentralization are the different modes of working of an organization. In centralization, the higher positions of the management hold the

decision-making authority. Further, in decentralization, the management disperses the decision-making authority across the organization and brings it closer to the source of action and information.

UNIT 3:   ORGANIZATIONAL CHANGE

Unit Structure

1.1   Introduction

1.2   Learning Outcomes

1.3   Title of the main section: Organization Change

  1.3.1   Types of Organizational Change

  1.3.2   How to Overcome Resistance to Change

  1.3.3   Key factors for successful change

1.4   Strategies to Drive Successful Organizational Change

1.5   Reasons for Organizational Change

1.6   Summary

1.7   References/Further Readings/Web Resources

1.8   Possible Answers to Self-Assessment Exercise(s)

1.1   Introduction

Organizational change is the movement of an organization from one state of affairs to another. Organizational change can take many forms. It may involve a change in a company's structure, strategy, policies, procedures, technology, or culture.

1.2   Learning Outcomes

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

- define organizational change

- demonstrate types of organizational change.

1.3   Title of the main section: Organization Change

Organizational Change examines the process through which a corporation or organization changes its operating procedures, technology, organizational structure, overall structure, or strategies, as well as the consequences of those changes. External or internal influences usually cause or result in organizational change. Small businesses must change in order to compete with larger businesses (Stouten et al, 2018). They must also learn to thrive in such setting. When a smaller, more innovative competitor enters the market, large competitors must adjust quickly. A company must look for ways to improve its efficiency in order to avoid falling behind or to stay ahead of its competitors. It must also aim to be more cost effective in its operations (Revenio & Jalagat, 2016).

The change is always carried out in an organization, whether it is intended or not. There can be both types of changes in an organization, which is planned change and unplanned change. When it comes to a planned change, the organization may have been preparing for it for many years. On the other hand, the unplanned change may not be anticipated by the organization.

However, it is crucial to understand the necessity of implementing change in the organization. What could be the reason to change the existing state of affairs to a new one?

The significant needs which drive change are primarily the need for growth in the market. With the current competition, an organization has to keep up, sustain, and gain a competitive edge in the market.

Other reasons for change may include expansion of the organization, merger, and acquisition, implementing new organizational culture, following a new marketing strategy, updating the vision and mission of the organization which necessitates a

change in all existing levels, and all other reasons depending on the organization, type of industry and specific requirements.

Self-Assessment Exercise 1

Discuss Organizational Change

1.3.1 Types of Organizational Change

There are different types of changes that an organization implements. The following are a few of the common types of changes in the organization; however, there are other types of changes that companies implement from time to time.

1. Strategic Transformational Change

As the name suggests, strategic transformational change involves significant alterations in the organization's existing state of affairs. Strategic change is the type that affects the entire organization, unlike other changes.

For example, if an organization changes the way it transacts with customers, it will majorly affect the sales and finance departments. On the other hand, operations, HR, and other departments will remain relatively unaffected by this change. But if an organization implements a strategic change, the entire organization can be expected to transform.

One of the common examples of this type of change is changing the organization's mission and vision. Usually, a serious desire to attain a goal is what motivates an organization to implement strategic change.

The goals to be achieved are identified, and preparations are made accordingly right from grassroots to the executive level. This is done because this change will transform and affect all the employees in the organization.

Another example of strategic change is the implementation of automation. Contemporary organizations have most of the processes in standard form. When an

organization decides to automate the processes of production and manufacturing and administrative functions, it can affect the entire organization. The existing functioning of all the employees is subject to change because of this strategic change.

Another example of strategic change is when an organization decides to change its marketing strategy. An organization that is used to target a price-conscious market, if now suddenly chooses to target a niche market, this change will affect the entire organization.

Even though it is only the marketing strategy that has to be changed, it affects many aspects of an organization, like pricing, functioning, targeting, and other functions.

2. Reactive Change

As the name suggests, reactive changes are the ones that happen as a reaction to specific events. This event impacts the entire organization, which necessitates it to implement the change.

For example, the recent outbreak of Coronavirus has mandated many organizations to wear masks and apply hand sanitizers in everyday use in the offices. This is the best example of reactive change. The organization has reacted to the external threat and made necessary changes to adapt accordingly.

When an organization is undergoing a financial crisis, then cost-cutting is a common reaction which the organization adopts as a part of the reactive change. Reactive change is not an anticipated event, and therefore usually, the organization is not prepared for it in advance. Thus the organization has to learn as it goes ahead by implementing the change.

There is generally very little time for reactive change as compared to the planned change. Other examples of a positive reactive change are implementing new technology, adapting to the new taxation according to the government laws, implementing government regulations and mandatory changes, etc. reactive changes

may or may not affect the entire organization. It depends on the nature of reactive change.

3. People-centric organizational change

This type of organizational change will affect employees differently. It is recommended to use a gradual and slow approach to incorporate this change because emotional outbursts from the existing employees are common.

One of the best examples of this change is hiring new members. Whenever an organization requires new employees, they have to undergo the onboarding and training process. This is done to get the new and old employees in sync and on the same level. You have to explain to the existing employees the reason for hiring new people. This is because it can create panic in the existing employees.

The newer employee has to change his job profile; he will have to be assigned new job duties and responsibilities. This usually happens when an organization is being restructured. Existing employees and their existing job roles are transformed to incorporate the change.

Typically, such a change is done in the organization as a whole, and the nature of duties and responsibilities of almost all the employees are transformed.

Another typical example of people-centric organizational change is that changes in the existing for the size of the organization. Simple policies such as employee leaves, maternity leaves, etc. need to be modified often.

4. Incremental change

As the name suggests, incremental changes are made slowly and gradually to incorporate large changes over time. These changes are usually initiated at the unit level and are slowly adapted to the entire organization.

The primary objective behind these smaller changes is to incorporate significant changes in the organization or modify existing factors to create healthy and better facilities.

The company can learn from its own experiences and develop necessary changes to meet the vision and mission. More often than not, these changes are challenging to implement overnight, which is why a gradual method is approached — for example, incorporation of new software for tallying finances. The software is gradually rolled out, first to the few users.

5. Structural change

As the name suggests, these changes are performed on the team hierarchy. For example, the existing designations of Finance manager, Finance auditor, Financial accountant, Accounts payable accountant, etc. are sometimes changed to Accounts manager, Accounts auditor, Accounts specialist, Collection Specialist, etc.

Although all of them perform similar functions, the change in designations could be for many reasons. It could be done to implement a homogenous change throughout the organization.

It could be part of restructuring the company or making the designations all through the organizations at a normal level. Such a structural change often clashes with people-centric changes.

Another reason for implementing structural change is mergers and acquisitions. Whenever a new company acquires or merges with another company, there are two scenarios in this case.

Either the culture of both companies combine, and a mixed culture is born, or the culture of only one company survives, and the culture of the other company is slowly erased by combining structural change with incremental change.

Also, when the company is in expansion mode or contraction, significant departmental changes occur in the existing hierarchy. For example, in the expansion phase, the company increases the staff and specializes in the current department personnel's functions.

On the other hand, when the company is in contraction mode, the company reduces the staff and generalizes the tasks of employees. Such changes are made on a structural level and affect the working of the organization; hence it is classified under structural change.

6. Total Change

As the name suggests, total change involves change on a large scale. When an organization changes its vision and tries to balance vision and other strategies, employees' morale and, most importantly, business, that is when total change occurs.

Usually, it happens when the realities of business do not match the expectations of the organization, or the senior management is unable to satisfy the employee's expectations.

In such cases, the ultimate result is on the business, and soon the numbers start slipping off, and the market share is lost to the competition. The organization forms a new vision that is in sync with the existing requirements of the company.

Self-Assessment Exercise 2

Demonstrate three (3) types of Organizational Change

1.3.2   How to Overcome Resistance to Change

1. Show value through education and training

To avoid change resistance, provide proof that a new process, tool, or change will greatly benefit your employees. Prioritize educating your teams on how this new change will directly make their lives better and improve their day-to-day, and provide

ongoing training to ensure they feel confident and comfortable navigating the new change.

2. Collect employee input prior to change

Many times, employees resist change because they believe their opinion doesn't matter and wouldn't impact the decision to make an organizational change. Run surveys with your team on how they feel about the change and how they would make the process easier.

3. Come to an agreement with your employees

Never make a decision without consulting those on the front lines – your employees. After consulting with your team, come to an agreement on the timeline and overall plan for managing and implementing a new change.

4. Include employees in the change management plan

Employees feel they are taken seriously and their opinion matters when they're included in processes. Be sure to add key members of your team into the change management and implementation process so they feel ownership of the project. Team members should also be involved when setting change management KPIs and metrics that will determine success.

5. Support your employees during organizational transformation

Don't leave your employees out on an island – support your team members with resources, change management tools, knowledge bases, and training on the new process or tool you're implementing. This will help your employees find value in a new system quickly, causing them to build trust with you when it

6. Communicate clearly and frequently

Letting employees know about changes to the status quo as soon as possible helps to build a bridge between employees and management.

Share any information you have with employees that you are able to share. If you're not sure about an answer or simply cannot provide an answer, it's okay to say something like, "I'll look into that and follow up with you" or, "I'll share that information with you as soon as I have it." The more open and honest your communication with them, the less likely they are to speculate and spiral.

7. Measure the performance of your organizational change

Measurement is a key factor in the change process because it allows organizations to understand how the implementation influences overall business performance. If something doesn't go as planned, there's an opportunity to change it or include it in the next phase of the change implementation.

Self-Assessment Exercise 3

How to Overcome Resistance to Change

1.3.3   Key factors for successful change

Parag (2018) has identified six critical factors that affecting to the success of organizational change process.

1. Develop a clear vision and strategy for organizational change process that is backed up by distinct rewards. Employees are more inclined to accept change if they are aware of why it is taking place, what it includes, and how it will affect them. Individual change projects and programs must be coordinated and linked with the firm's overarching strategy to produce a wide "image" of change.

2. Ensure that the company have strong leadership and sponsorship. Actions are more effective than words. Senior leaders and sponsors of companies must lead by example and push for change. To deliver, sponsors need the right sphere of influence, time, and personality attributes including communication and listening skills, honesty, the ability to connect and inspire, trust, emotional intelligence, and gravitas. Include the

right individuals in the process of driving and supporting change so that it is truly owned by the company. In order to improve, it's also vital to have feedback mechanisms in place.

3. All stakeholders must be understood, engaged with, committed to, and supported. Stakeholders of companies will notice and respond to change the organizational change in a variety of ways, so it's critical to understand, engage, acquire commitment from, and support them throughout the change process of a company. Identify stakeholders early in the change process, conduct a prospective change impact assessment, and establish a commitment-building engagement and communication strategy.

4. Create a strong change team with the skills that need to succeed. Create and cultivate a high-performing transformation team that combines a clear focus on its mission with strong interpersonal relationships. Make that the team's mission or remit is properly defined, both in terms of itself and in relation to other teams, such as the overall program or project team. To facilitate successful change, provide team members with the essential change process and soft/people talents or skills.

5. Define and implement a well-structured, integrated strategy. Consider adopting one of the numerous well-documented change techniques and standards if your organization lacks a clear and structured approach to change management. In such circumstances, make sure you employ a holistic, integrated approach that considers all factors and is appropriate for your endeavour and its surroundings. This is critical in order to ensure that everyone on the change team is on the same page, to ensure consistency in delivery, and to improve competence and maturity in order to achieve higher success.

6. Assess the success of the change initiatives Organizational transformation is frequently a non-linear, evolutionary learning process, and it is impossible to know everything right away. The external and internal organizational

Self-Assessment Exercise 4

Key factors for successful change

1.4 Strategies to Drive Successful Organizational Change

1. Clear vision and goals

It's essential to understand the reasons for the change, how it will impact the business outcomes, and when it will be considered successful.

Formulating and sharing a comprehensible purpose, vision, and goals helps employees and leaders understand the "why" of the change and is critical for the overall success of a change's implementation.

2. Prioritization

It's impossible to change everything at once, so it is critical to prioritize the matters you want to tackle first. For example, implementing three new enterprise applications one after another, not all at once.

3. Secure buy-in from your entire organization

It is essential to include all key stakeholders, from leadership and management to executives, to minimize an organization's resistance to change. This helps employees feel heard, included, and valued – allowing for any conflicts to be aired early in an implementation project and quickly resolved.

Develop a written communication plan to inform all stakeholders about the change. The plan must address all concerns, including what the new business will look like. The communication must be two-way that provide employees with opportunities to ask questions and share their concerns.

4. Build a change implementation plan

A successful change implementation requires a detailed plan to highlight critical milestones systematically. For an effortless rollout, you must plan all of these aspects – project scope, integrations, resources, communication, time, cost, procurement, and

risks. A practical implementation plan accelerates the pace of change implementation by anticipating and overcoming barriers and resistance to change.

5. Focus on training & support

On-demand training and support are vital for reinforcing change. You can implement different change management tools that provide training, create knowledge bases, track progress, etc.

For instance, implement a digital adoption platform to help users effortlessly switch from one tool to another. DAPs enable employee training on any new software or enterprise application via contextual in-app walkthroughs, balloon tips, videos, written guides, and embedded knowledge bases.

Self-Assessment Exercise 5

Discuss Strategies to Drive Successful Organizational Change

1.5 Reasons for Organizational Change

1. Mistrust and lack of confidence

When employees don't trust or feel confident in the person making the change, their resistance to it can be a huge barrier. Change advisor and author Rick Maurer believes that lack of confidence in change-makers is one of the most overlooked causes of internal change resistance in enterprise organizations.
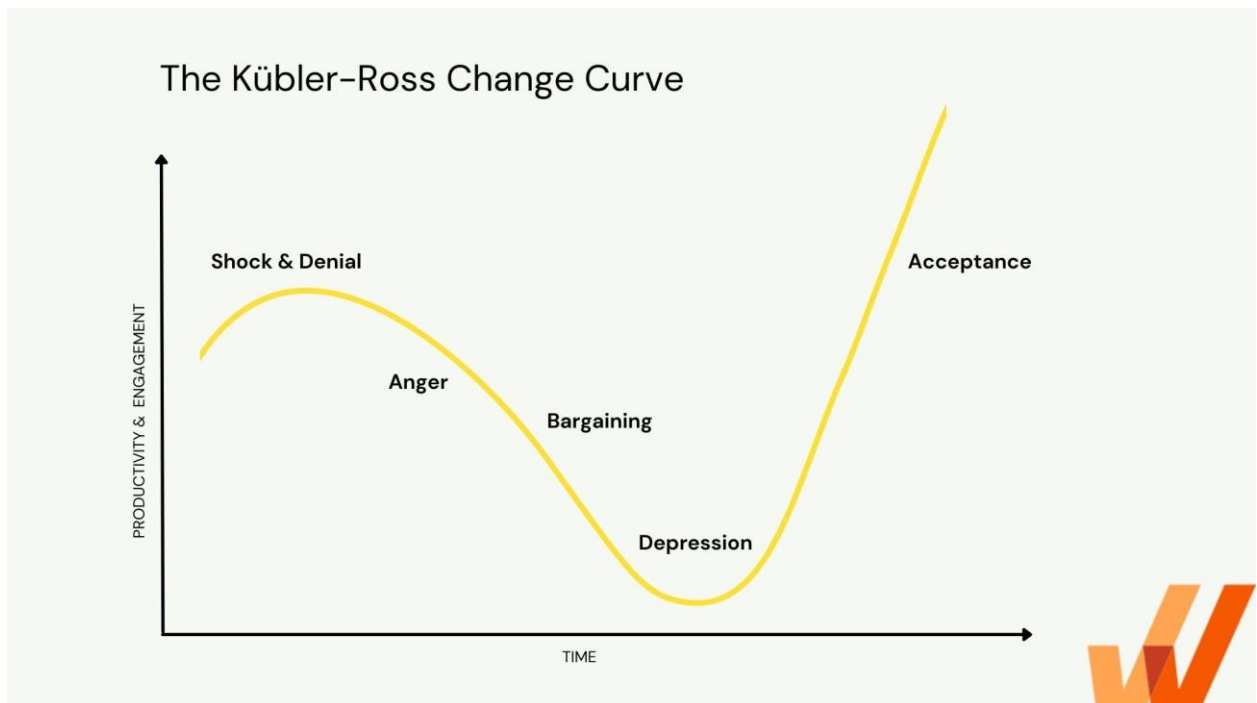
Maurer's 3 Levels of Resistance to Change are: I don't get it, I don't like it, and I don't like you. That's right — people may not resist the change itself, but rather the person making it. Of course, "you" does not always refer to the change-maker specifically. It could also be someone the change-maker represents, such as corporate headquarters or a faceless CEO.

2. Emotional responses

Changing the status quo is complex and people tend to react emotionally to disruptions to their routine. This is a natural and inevitable response. Brushing it off will only lead to stronger resistance.

Use change management models that focus on emotional reactions to change, such as the Kübler-Ross Change Curve or Bridges' Transition Model, to mitigate this common cause of resistance to change. Both models recognize that change can lead to feelings of loss and grief. As such, change-makers must be prepared to manage these emotions and move people towards acceptance of the change.

The Kübler-Ross Change Curve

Start by coaching change leaders to approach resistance to change with empathy, acknowledging that people may have a wide range of emotional reactions. Some may even skip steps in the Kübler-Ross Change Curve, slide back into old habits, or have negative reactions multiple times throughout the transition.

To manage these reactions, change leaders should clearly explain the need for change while also listening attentively to the feedback from those affected by it. People want to feel heard. Make it clear that their opinions are valuable to the change process.

Change leaders should also check in frequently to provide support, gather additional feedback, and nudge people towards change acceptance and adoption.

3. Lack of training and help resources

Resistance to change often emerge when employees feel unprepared to adapt and adopt new processes due to a lack of onboarding, upskill training, and end-user support resources to guide them through the initial learning curve and friction points in a new process, team structure, or software implementation.

To overcome internal resistance due to a lack of employee training and support resources, organizations should:

i. Provide onboarding, reskilling, and upskilling: When making a change, create comprehensive employee training programs that give employees the knowledge and new skills necessary to navigate the transition successfully, whether a new process change or upgrading to a new enterprise application like a CRM or ERP.

ii. Enable employees with self-help support resources: Employees will encounter issues, and your change will most likely be contextual to the point that they cannot find necessary help resources through a simple Google search. Provide thorough documentation on new processes, set up office hours with change leaders, and enable your end-users with IT self-service support resources like Whatfix's Self Help. Self Help integrates with your process documentation, third-party links, LMS, tutorial videos, and any other support resource and overlays over your digital applications – enabling employees to receive contextual help at the moment of need.

iii. Allocate resources appropriately: Ensure that sufficient resources, such as technology, tools, and budget, are allocated to support the change effort. This helps employees feel empowered and confident in their ability to implement the change effectively. Enterprises must also invest in an internal IT team to help support end-users when they encounter issues. This includes budgeting for dedicated IT team members for internal support issues, as well as digital enablement tools like a digital adoption platform.

4. Fear of failure

People won't support a change if they're not confident in their abilities to adapt to it. When people feel threatened by their shortcomings (real or imagined), they protect themselves from failure by resisting the change.

The ADKAR Model has two goals that address the fear of failure: knowledge and ability.

Awareness	Desire	Knowledge	Ability	Reinforcement
of the need for the change	to support the change	of how to change	to demonstrate skills & behaviors	to keep the change in place

Knowledge is all about effective training. The goal is to give people the tools they need to facilitate the change, including those needed to handle transitions.

Take technological change for example – if your company is integrating a new software system, employees should know how to move existing information into it, as well as how to make the most of the new system in the future.

Ability is more about self-confidence. After training, people need to feel comfortable applying the knowledge they have acquired. Give employees enough hands-on experience to develop and test their new skills before fully launching the change.

5. Poor change communication

The key to excellent change management communication is to create an active conversation. When you talk at people as opposed to with people, you're bound to get pushback and resistance to change.

Start by making a change communication plan. Before you initiate change, you should have several communication actions planned, such as the announcement of the change, small group discussions, one-on-one meetings, and methods for gathering feedback.

When talking with employees about change, answer the questions, "What's in it for me?" (WIIFM) and "What does it mean to me?" (WDIMTM). When you address individual concerns, you increase their engagement. People want to know how the change will impact them specifically and what they will need to do to implement and solidify the change.

Furthermore, providing continuous motivation throughout the change process is essential. Kotter's 8-Step Change Theory highlights the importance of focusing on short-term wins in step six of the eight-step change process. When employees are recognized for their efforts, it builds their enthusiasm and desire to support the change

6. Unrealistic timelines

Find a balance between creating a sense of urgency and allowing time to transition. Don't force change too quickly – when you push too hard for a change to happen, it's easy to get tunnel vision and neglect important elements of your change plan.

Start with a change implementation timeline. Map out every action and set deadlines so you have a general idea of how long the entire transformation will take. Often, designing the path between the current state and change adoption helps you identify additional steps needed to facilitate the transition.

Of course, you shouldn't be afraid to make adjustments. If your team needs more time to understand the change or would benefit from additional change management training, make it happen.

7. Existing organizational culture and norms

Resistance to change often occurs when existing company culture and norms are deeply rooted in an organization, which hinders the acceptance of new ways of doing things, such as new processes, leadership, team structure, or technology.

To overcome this change resistance challenge, enterprise should:

Foster an adaptive, agile, open-minded, learning-centric culture. Foster an environment that values continuous improvement and innovation. Encourage employees to share their ideas and perspectives and reward those who embrace change. Invest in frameworks and technology that enable your employees to be continuously learning.

Lead by example. Demonstrate change at the leadership level by modeling your desired behavior change from the top down. When leaders actively participate in and support a change, it sets a positive example for others to follow and creates a sense that "we're in this together".

Self-Assessment Exercise 6

What are the Reasons for Organizational Change

1.6   Summary

Change in organizations are of many types, and it is entirely dependent on the organization as to which change to implement. The adoption of a change strategy is triggered by the needs of the organization or external requirements.

However, the type of change selected should be applied carefully, and a reaction from employees is expected in any circumstances.

Therefore organizations should be prepared to deal with occasional employee outbursts or adverse reactions, and it should deal with such reactions before they are aggravated.

1.7   References/Further Readings/Web Resources

Parag Gogate (2018). Six key factors in successful change. Retrieved on June 28, 2021 from https://www.apm.org.uk/blog/successful-change-6-key-factors/

Revenio, C., & Jalagat, J.R. (2016). The Impact of Change and Change Management in Achieving Corporate Goals and Objectives: Organizational Perspective. International Journal of Science and Research (IJSR). 5. 1233-1239.

Stouten, Jeroen & Rousseau, Denise & Cremer, David. (2018). Successful Organizational Change: Integrating the Management Practice and Scholarly Literatures. Academy of Management Annals. 12.

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

Organizational change occurs when an oganisation transforms its structure, strategies, methods, culture and other elements to reorganize and restructure the organisation. It implies alternation of structural relationship and role of people in an organization. In simple words organizational change takes place when organisation makes a transition from its current position.

Answer to SAE 2

i. Reactive or Proactive: Change may be reactive or proactive. When change is brought about due to pressure of external forces it is called reactive change. Proactive change is initiated by the management on its own to increase organizational effectiveness. For example if any technology of production becomes obsolete and organisation shifts to new technology as a consequence, it is r,eactive change but if organisation introduces new technology of production by its own to improve efficiency, it is proactive change.

ii. Strategic Change: Change in priorities, like shift from product to service.

iii. Structural Change: Change in whole structure and in the pattern of relationship among various positions.

iv. Process oriented or people oriented Change: If change in process it is process oriented change, like introduce new method of digital accounting instead of paper form accounting methods. If change in training, attitude, behaviour and other personal characteristics of people, it is people oriented change.

Answer to SAE 3

Resistance is the usual response to any major change. Individuals normally rush to defend the current situation if they feel their security and position are threatened. Resistance may be at individual level, group level or organizational level.

Answer to SAE 4

- Active Executive Support.

- Change Management Leadership.

- Clear Vision.

- Employee Engagement and Participation.

- Constant Communication and Dialog.

- Accountability.

Answer to SAE 5

- Put people first.

- Work with a change management model.

- Empower employees through communication.

- Activate leadership.

- Make change compelling and exciting.

- Pay attention to high and low points in momentum.

- Don't ignore resistance.

Answer to SAE 6

- Change in leadership.

- Change in vision and values.

- Introduction of new technology.

- Deficiency in the existing structure.

- Poor employee performance.

- Decline in revenue.

UNIT 4:   ORGANIZATIONAL JUSTICE

Unit Structure

1.1   Introduction

1.2   Learning Outcomes

1.1   Introduction

Organizational justice is defined as a concept that refers to the perception of an employee about the action, decision and behaviour of the organization and how in turn it has an impact on the behaviour and attitude of the employee at his workplace.

1.2   Learning Outcomes

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

- discuss organizational justice

- what are the types of organizational justice

- discuss important of organizational justice

1.3   Title of the main section: Organizational Justice

Organizational justice is the extent to which an organization treats people fairly. Organizational justice includes fairness related to outcomes, procedures, and interpersonal interactions. Fair workplace outcomes and decisions (e.g., equitable/favorable pay, raise, promotion) are called distributive justice (Adams, 1965). Procedural justice means that outcomes are determined through procedures that

are based on accurate information and standard ethics, represent everyone affected by the procedure, include opportunity for input and appeal, are free from bias, and are used consistently (Leventhal, 1980; Thibaut & Walker, 1975). Interactional justice refers to people feeling they were treated with dignity and respect and feeling they received sound information about the procedures and decisions (Bies & Moag, 1986; Lind & Tyler, 1988).

Organizational justice is all about fairness and matters about workplace behavior. It includes gender equality, access to training, fair treatment from superiors, good wages, etc. Employees are concerned with the decisions made by their employers daily both on a large and small scale. They review these decisions in their mind as fair or unfair. These judgments can influence the behavior of an individual and lead to workplace deviance if he considers it unfair.

Organizational justice suggests that employees take a judgment call based on the amount they give to the company and comparing it with the amount they get back. In simple words, the difference between input and output.

Maintaining organizational justice is a priority of every business entity as it will encourage communication and trust and avoid counterproductive behavior, dissent, disengagement, absenteeism, and deviance at the workplace.

Organizational justice is considered a team-level as well as individual occurrence. The employees no doubt have their views and perceptions, but it is seen that they are also influenced by their colleagues, peers, superiors, and team members in their opinion of justice.

For instance, in case of crises, the employees will share their opinion, and this often results in a shared interpretation of events.

Self-Assessment Exercise 1

Discuss Organizational Justice

1.3.1 Types of Organizational Justice

Organizations should embrace organizational justice as an integral part of its work culture so that they can have a pool of happy employees that will give their best with additional levels of efficiency and productivity.

It is a fact that organizational justice is relevant to organizational behaviour and must be encouraged a great deal. The various types of organizational justice are;

1. Distributive Organizational Justice

In this type of organizational justice, the employee is concerned whether the outcome of his efforts is fair or not and whether the result is being distributed in proportion to the input. The result in such scenarios includes career opportunities, promotion, job security, social approval, wages etc. whereas inputs include effort, experience, training and education.

It is challenging to determine the appropriate level of outcome for a specific input because everything is defined in relative terms. The biggest reason for dissent between the employer and the employee is the feeling of injustice and unfair dealings. When the employee believes that he is paid and treated equally, then it will result in distributive organizational justice.

The so-called outcomes can be tangible, for instance, pay, salary etc. or intangible, for example, positive feedback. The companies can offer equal distributive organizational justice by communicating, educating and enacting fair employment practices within the company.

2. Procedural Organizational Justice

In this type of organizational justice, the employee is concerned about whether the process adopted by the organization to decide the outcome is fair or not. An employee will feel that procedural organizational justice has occurred when he will be allowed to voice his opinion about the decision-making process. This can be applied to day-to-

day working life and management practice and even formal one-time procedures like disciplinary hearings.

It is a proven fact having a voice helps to fulfil the basic need of an employee, and that includes the chance to be heard. This is a confirmation that he is valued in his organization and is an integral part of the system.

Simple activities like open-door policy, open communication and engaging in constructive talks can boost the relationship between employer and employee and make the employees feel welcome. As per the employee's belief, the procedure is fair when it lacks bias and is ethical, accurate and consistent.

Procedural justice can outweigh distributive justice because employees will willingly accept an outcome that seems unwelcome only when they believe that the process adopted to arrive at the result was undertaken as per the principles of organizational justice that are followed by the company. The critical determinants of procedural justice are

i. Consistency: One of the critical determinants of procedural justice is consistency. It means that same allowances and criteria are applicable for every person in similar situations, for instance, an employer will have to terminate a contract as per the stated laws in his book and not on a whim

ii. Accuracy: The determinant accuracy means that the information used for justifying the decision is correct and up-to-date. All hearsays should be validated for authenticity.

iii. Neutrality: This determinant of procedural justice means that the decisions will have to be based on facts and not on personal feelings or interest of the person making the decisions. He must take an objective view of the situation to arrive at a conclusion

iv. Correctability: There should be provisions in place for reversing or challenging a decision like in case of appeal procedures and grievances

v. Representativeness: This determinant of procedural justice means that all those individuals who will be affected by the outcome can express their doubts ad their concern should be taken into account

vi. Morality: In case of procedural justice, morality is an essential determinant as it encourages decision-makers to avoid making decisions based on factors like nationality, gender and age.

3. Interactional Organizational Justice

In this type of organizational justice, the employee is concerned whether the information conveyed by the organization about the outcome was handled sensitively or not.

The employees feel that interactional organizational justice has taken place when the employers have provided sufficient explanations for the decisions they have made and the employees have been treated with both respect and dignity.

There are two types of Interactional organizational justice

i. Interpersonal justice – In this type of organizational justice, the employee looks at fairness and sensitivity in the way the employer communicates the information to the employee. Interpersonal organizational justice puts its onus on courtesy and respect.

ii. Informational justice – In this type of organizational justice, the employee looks at the quality of the explanation communicated by the employer to the employee about a particular outcome. The informational organizational justice puts its onus on adequate explanation with emphasis on truth, specificity, and timeliness.

Self-Assessment Exercise 2

What are the types of Organizational Justice

1.3.2   Application to Organizational Justice

The applications of organizational justice are as follows-

Performance Appraisal

It is vital to create a fair appraisal system by

1. Ensuring appraisals are on time

2. Are conducted through appropriate performance criteria

3. Allowing employee participation and their expression of feelings

Disciplinary Procedures

Training managers helps to deliver fair systems for disciplinary action and hearings. They focus on

1. Explanation of the issue

2. Employee counselling

3. Privacy

4. The demeanor of the supervisor

Conflict Resolution

Organizational justice should be adapted in case of conflict resolution. It is a growing concern for companies because if not handled correctly, it results in a higher risk of litigation of perceived injustices.

This is why all involved parties must be given a voice during the process to arrive at an amicable solution.

Layoffs and Terminations

If an employee feels that he is mistreated, he can sue for unfair dismissal and cost the company money. Apply organization justice in cases related to layoffs and termination to clear the picture so that the employees do not feel wronged

Selection and Staffing

Companies are applying the concept of organizational justice in the process of selection and staffing. Fair procedure includes;

i. Written and detailed descriptions of the hiring process

ii. Assessment techniques to measure the criteria fairly

iii. Opportunity for applicants to demonstrate their competencies

iv. A consistent and similar process for all the applicants applying for the same role

v. Opportunity for the applicant to express and explain himself

1.3.3   Concept of Organizational Justice

The concept of organizational justice becomes relevant if a violation of justice has happened. Perceived injustices within the organization include

- Arbitrary dismissals

- Bias in selecting new staff

- Performance reviews conducted by someone who does not know you properly

- Unequal pay because of gender bias

Organizational justice is very important for a company because it can affect outcomes at the organizational, team and individual levels.

The concept of justice is linked to positive outcomes like

- Organizational citizenship behavior

- Organizational commitment

- Job performance

- Job satisfaction

- Trust

Organizational justice is also linked to adverse consequences like

- Employee burnout

- Employee turnover

- Counterproductive work behaviour

It becomes necessary for companies to treat their employees reasonably by ensuring that the processes, as well as the outcomes, are just, fair, equitable and transparent so that the employees remain committed to their workplace.

1.4   How to Improve Organizational Justice

Organizational justice does not occur by itself as it is described as a continuous effort on the part of the employer to implement procedures that will result in positive management intervention as well as behavior.

Times have changed, and the employees are no longer silent about things that they consider unfair. This is why it has become imperative to implement procedures that will encourage and improve organizational justice in the workplace. Some of the practical ways to do so are as follows-

1. Effective Communication within the Organization

Communication is a tool that connects the employer and employee so that it can lead to better efficiency and productivity in the company. When communication is used positively by the employer, it leads to good vibes and strong perceptions of informational and interpersonal justice.

The employer can explain his decisions to the employees working in his organization only through quality communication. When this happens, it boosts the feeling of trust, respect, integrity, and willingness to do what is right.

For example, ABC Company decided to cut down its pay structure by 1% for lower and mid-level employees and 3% for higher-level employees. It called a meeting where the presence of each employee was mandatory.

Here the company head spoke about the difficulties the organization was going through and explained that he had two options, either to lay off a section of the employees or to cut down on the pay scale.

He gave an appropriate explanation of why he chose the option of pay-cut and why only 1% for lower and mid-level and 3% for higher-level employees. His genuine

concern for his employees and sensitive handling of the scenario helped the company is going through this challenging phase with dignity. The company bounced back, and the employees were later given a raise for their willingness to help the organization in difficult times.

This is organizational justice, where the perception of the employees was handled sensitively. This happened only because of effective communication between the employer and employees.

2. Emotions of Employees

Organizational events have an impact on the emotions and mood of an employee. All the employees will react to a given situation in different manners. It depends on an employee's disposition on how he perceives the situation and reacts to it.

When an employee experiences a positive state, he will have a higher perception of distributive procedural and interactional organizational justice. In contrast, employees who are depressed will have a negative opinion of organizational justice.

This is why it is essential to make sure that employees view organizational events as a positive effort that will prove beneficial for everyone involved

3. Employee Participation

An effective way to improve organizational justice is by encouraging employee participation in various organizational procedures and decision-making processes. This step will be a game-changer as it can boost the perceptions of justice in the mindset of the employees.

It is seen that if specific outcomes are not in favor of the employee even then, they do not feel an injustice has occurred because the employees were a part of the decision-making process and were taken in confidence from the onset.

Employee participation thus increases the perception of both interpersonal and procedural organizational justice.

1.5   Important of Organizational Justice

A system of organizational justice depends on five important principles.account2

i. Effective Reporting Avenues: A company has to offer a variety of reporting avenues for managers and employees. At least one has to offer anonymity. Whether one or multiple avenues are offered, senior executives have to encourage and communicate the importance of reporting misconduct or concerns. In the absence of a vibrant and credible reporting system, managers and employees will ignore misconduct, undermine corporate integrity and slowly erode any chance of creating a culture of ethics and compliance.

ii. Equal Discipline: Many companies establish a committee that reviews internal investigations and disciplinary actions. It is absolutely critical that the system impose discipline consistently without regard to the seniority of the offender. Unequal discipline undermines any chance for organizational justice. A senior official who commits the same offense as an employee should receive the same discipline, unless there are good reasons to deviate one way or the other.

iii. Prompt Resolution: The old adage, justice delayed is justice denied, applies to organizational justice. Routine investigations have to be resolved within 60 to 90 days. Employee concerns should be acknowledged promptly and matters requiring investigation should be quickly identified and assigned. Investigative staff has to respond to communicate regularly with complainants to keep them informed as to the status of the investigation without discussing the details of the investigation.

iv. Non-Retaliation Against Whistleblowers: A company has to communicate at every conceivable opportunity its commitment not to retaliate against complainants/whistleblowers. It is an important point to make. The message should be communicated in all policy documents relating to investigations, and should be communicated orally during meetings with employees and complainants.

v. Compliance Program Improvements: The results of internal investigations should always be monitored and analyzed for potential compliance program enhancements.

Internal investigations often reveal weaknesses in internal controls, especially in the financial area. A company has to take these important findings and then use them to design enhancements to the compliance program. If there is a disconnect between the investigation function and the ethics and compliance program review process, a company is ignoring a valuable source of information needed to monitor its compliance program.

Self-Assessment Exercise 3

Discuss important of Organizational Justice

1.6   Summary

Research on organizational justice explores the psychological mechanisms by which people render judgments of fairness, as well as their responses to these perceptions. When workers believe that they have been treated justly, they tend to show higher job performance, better work attitudes, and lower levels of stress.

1.7   References/Further Readings/Web Resources

Adams, J.S. (1965). Toward an understanding of inequity. *Journal of Abnormal and Social Psychology, 67*, 422–436.

Bies, R.J., & Moag, J.S. (1986). Interactional justice: Communication criteria of fairness. In R. J. Lewicki, B.H. Sheppard, & B.H. Baseman (Eds.), *Research on negotiation in organizations* (Vol. 1, ppl. 43–55). Greenwich, CT: JAI press.

Cohen-Charash, Y., & Spector, P.E. (2001). The role of justice in organizations: A meta- analysis. Organizational Behavior and Human Decision Processes, 86, 278–321.

Leventhal, G.S. (1980). What should be done with equity theory? New approaches to the study of fairness in social relationships. In K. Gergen, M. Greenberg, & R. Willis (Eds.), *Social exchange: Advances in theory and research* (pp. 27–55). New York: Plenum.

Robbins, J.M., Ford M.T., & Tetrick, L.E. (2012). Perceived unfairness and employee health: A meta-analytic integration. *Journal of Applied Psychology, 97*, 235–272.

Rubenstein, A.L., Eberly, M.B., Lee, T.W., & Mitchell, T.R. (2017). Surveying the forest: A meta-analysis, moderator investigation, and future-oriented discussion of the antecedents of voluntary employee turnover. *Personnel Psychology, 71*, 1–43.

Rupp, D.E., Shao, R., Jones, K.S., & Liao, H. (2014). The utility of a multifoci approach to the study of organizational justice: A meta-analytic investigation into the consideration of normative rules, moral accountability, bandwidth-fidelity, and social exchange. *Organizational Behavior and Human Decision Processes, 123*, 159–185.

Shaw, J.C., Wild, E., & Colquitt, J.A. (2003). To justify or excuse?: A meta-analytic review of the effects of explanations. Journal of Applied Psychology, 88, 444–458.

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

The concept of organizational justice focuses on how employees judge the behavior of the organization and how this behavior is related to employees' attitudes and behaviors regarding the firm (Greenberg, 1987). Organizational justice consists of three main forms – distributive, procedural, and interactional.

Answer to SAE 2

Organizational justice refers to employee perceptions of fairness in the workplace. These perceptions can be classified into four categories: distributive, procedural, informational, and interactional.

Answer to SAE 3

i. Effective Reporting Avenues: A company has to offer a variety of reporting avenues for managers and employees. At least one has to offer anonymity. Whether one or

multiple avenues are offered, senior executives have to encourage and communicate the importance of reporting misconduct or concerns.

ii. Equal Discipline: Many companies establish a committee that reviews internal investigations and disciplinary actions. It is absolutely critical that the system impose discipline consistently without regard to the seniority of the offender.

iii. Prompt Resolution: The old adage, justice delayed is justice denied, applies to organizational justice. Routine investigations have to be resolved within 60 to 90 days. Employee concerns should be acknowledged promptly and matters requiring investigation should be quickly identified and assigned.

iv. Non-Retaliation Against Whistleblowers: A company has to communicate at every conceivable opportunity its commitment not to retaliate against complainants/whistleblowers. It is an important point to make.

v. Compliance Program Improvements: The results of internal investigations should always be monitored and analyzed for potential compliance program enhancements. Internal investigations often reveal weaknesses in internal controls, especially in the financial area. A company has to take these important findings and then use them to design enhancements to the compliance program.

UNIT 5:   FORMS OF ORGANIZATIONAL STRUCTURE

Unit Structure

1.1   Introduction

1.2   Learning Outcomes

1.3   Title of the main section: Forms of Organizational Structure

      1.3.1   Objectives of an Organizational Structure

1.1   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.

1.2 Learning Outcomes

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

- discuss forms of organizational structure

- explain objectives of organizational structure

- demonstrate aligning organizational objectives.

1.3 Title of the main section: Forms of Organizational Structure

An organizational structure is a system that outlines how certain activities are directed in order to achieve the goals of an organization. These activities can include rules, roles, and responsibilities. The organizational structure also determines how information flows between levels within the company.

Self-Assessment Exercise 1

List Forms of Organizational Structure

1.3.1 Objectives of Organizational Structure

Organizational structure is a business' skeleton. Organizations are alive and breathing, so they require something to give them shape and support their life functions. Organizational structures help everyone involved in a company to clarify and understand everyone else's role and scope. They help facilitate divisions of labor, efficiency and assist in avoiding conflicts and confusion. In turn, businesses get more done with fewer glitches and less strife.

i. Chain of Command

Organizational structures, among many things, help establish who is in charge or what. They dictate how many vice presidents, department heads, managers and project coordinators there are and what they oversee. Good organizational charts illustrate who reports to whom so that everyone has a clear idea of how they are held accountable. This helps employees know from whom to take direction, where they fit in to the overall scope of an operation, and the scope and limitations of their roles.

ii. Efficiency

Everyone needs to understand their role in a company's operation to do their part well. If two people perform unnecessarily overlapping tasks, the company is wasting labor resources. If no one is handling a particular task because they don't think it's within their role, the company faces another form of inefficiency. Structures help to define departments, jobs and roles around the tasks and functions the company needs executed. As companies grow, downsize or business changes, they should periodically review their structures to make sure the structures match their efficiency needs.

iii. Uniformity and Controls

Some lines of business, such as banking and manufacturing, require require tasks to be done regularly and precisely. Typically, these business require and do not allow much if any variation in how their employees perform their jobs because the requirements of the tasks are set. Therefore, their organizational structures tend to be very vertical -- emphasizing limited scopes for employees at the bottom and many layers of managerial oversight above them. Everyone has a very specific role.

Other organizations, such as advertising firms and innovative computer companies, emphasize creativity and innovation in their businesses. They employ wide or horizontal structures with many teams dedicated to different functions with more autonomy and less oversight. The numerous departments may work on many different tasks and are charged with driving the business. Therefore, there are fewer layers of management and the organizational chart appears relatively horizontal.

Self-Assessment Exercise 2

Explain Objectives of Organizational Structure

1.3.2 Aligning Organisational Objectives

Organizational alignment is the process of implementing strategies and philosophies to ensure that each member of an organization, from entry-level positions to executive managers, shares a common goal and vision for the success of an organization.

Organizational alignment allows the members of an organization to work together to achieve common goals while communicating honestly and maintaining accountability across departments.

1.3.2.1 Why is organizational alignment important?

Organizational alignment is important because it helps to encourage collaboration and a mutual pursuit of company goals, which has several long-term benefits to the success and productivity of an organization. Organizational alignment may also improve the happiness of employees and improve customer experiences. All of these things contribute to:

- A healthy workplace environment

- An improved brand image

- A decrease in employee turnover

- An improvement in client and customer relationships

- An increase in productivity

- A positive company culture

- An increase in customer loyalty

1.3.2.2 Benefits of organizational alignment

There are several benefits of organizational alignment, including:

i. Enhanced collaboration

Organizational alignment encourages collaboration across entire organizations. When collaboration and teamwork improve, productivity and efficiency may also improve. Encouraging team members to work together to achieve a common goal helps your organization more successfully achieve its objectives, increase employee satisfaction and promotes interdepartmental relationships, which could lead to creativity and innovation.

ii. Faster decision-making

The aspects of organizational alignment may provide greater clarity regarding team members' responsibilities and their decision-making authority. This may result in faster decision-making by preventing delays due to indecisiveness or confusion about communication channels.

iii. Optimized roles

An aligned organization may encourage each of its employees to work within the scope of their capabilities. Often, organizations that use alignment in their business operations delegate responsibilities based on the talents and skills of their employees. This can help to maximize the talents of each team member and ensure they contribute as effectively as they can to achieve an organization's goals.

iv. Higher resource visibility

Organizational alignment promotes teamwork between departments and may help to increase resource visibility. When departments work toward a common goal, they may be more likely to share resources with one another. Organizational alignment can help to promote a sense of togetherness in place of competition between departments, resulting in resources being shared between team members and used in innovative ways to achieve their goals.

v. Improved self-governance

A well-aligned organization may encourage its team members to work more independently and exhibit an improved sense of self-governance. This is because organizational alignment allows for a better understanding of their responsibilities, prioritizes their tasks and helps them make more informed decisions based on the organization's common goal. Instead of waiting for direction, employees may feel more empowered to make decisions and complete their tasks with little or no supervision. This may increase productivity, enhance efficiency and allow supervisors and managers to spend less time directing their staff and more time contributing to the success of the organization.

vi. Positive company culture

An aligned organization may help to promote positive and dynamic company culture. When the focus of the organization is mutual success and working together to achieve common goals, it can boost morale and contribute to the emotional fulfillment of its employees. In turn, increased employee satisfaction may lead to more long-term relationships, less employee turnover and enhanced job performance. ;

vii. Increased leadership credibility

When leadership's goals align with the goals of those they supervise, it helps an organization work more cohesively and establishes credibility among leadership. Organizational alignment may help to transition the role of a supervisor to a role more similar to that of a mentor, which could create and maintain productive, mutually beneficial relationships between employees and their supervisors.

1.3.2.3How to achieve organizational alignment

Consider following these eight steps to achieve organizational alignment:

1. Create a sense of urgency

Before implementing organizational alignment into your daily operations, it's important to create a sense of urgency among the staff and important decision-makers. Consider ways in which you can express your observations and how organizational alignment may help to contribute to the immediate success of your organization. To do this, you can request meetings with executives and managers, compile your observations and thoughts into a newsletter or encourage members of leadership to research the benefits of organizational alignment.

2. Make a commitment to change

After deciding that organizational alignment is a beneficial choice for your organization, it's important to make a commitment to change. It's tempting to rely on old company habits to maintain productivity throughout the transition into organizational alignment. Do your best to remember that the effort of implementing these changes may contribute to the long-term success of your organization.

Furthermore, if your team members see your commitment to change, they might be more willing to develop new habits and adapt to the process of organizational alignment.

3. Set clear goals

Achieving organizational alignment often involves setting clearly defined, specific goals for your company. Having an advanced understanding of the goals you wish to achieve through alignment could help you make more informed decisions about how to implement changes into your organization. There are a few questions you may ask yourself to determine your objectives and reasons for seeking alignment, including:

In what areas is our organization well-aligned?

In what areas does our organization's alignment need to improve?

How can alignment benefit our organization?

What are the long-term effects we hope to see from organizational alignment?

How will organizational alignment alter our current practices?

How will we measure success while seeking alignment?

4. Communicate your goals

Once you've decided on the objectives you hope to achieve through alignment, you may communicate your goals with the entire organization. It's important that each team member fully understands the common company objectives and how their roles could contribute to collaborative success. To communicate your goals, send a newsletter or email or schedule meetings to discuss upcoming changes and clearly define goals for each department. Whichever method of communication you choose, try to be sure you're prepared to explain the changes and expectations of your new methods of alignment clearly and to answer any questions your team members may have.

5. Identify and remove barriers

It's important to identify and remove any barriers in your current practices that may prevent you from achieving organizational alignment. Barriers may include:

- Current policies and procedures

- Issues in communication

- Employee habits

- Organizational structure

- Cultural challenges

Understanding these barriers can help you determine the best way to remove them, such as altering policies or enrolling your team members in communication training and workshops.

6. Celebrate short-term accomplishments

While transitioning into an alignment model, it's important that you celebrate small or short-term accomplishments. Doing so may help to encourage your team members, increase company morale and motivate them to continue implementing methods of alignment into their daily responsibilities and interactions. Consider showing your appreciation of their cooperation by publicly praising their alignment efforts or offering rewards for their achievements.

7. Continue seeking improvement

As your organization transitions into alignment, do your best to continue seeking means of improvement. You may not perfectly execute organizational alignment at first, but try to understand that it's okay to make adjustments to your procedures as you see fit. Implementing organizational alignment may help you learn about areas of improvement of which you were previously unaware and could help you determine which adjustments are most beneficial to your success.

8. Foster a new company culture

Once your organization has successfully aligned, it's important to maintain alignment by fostering your new company culture. To do this, you could rewrite employee handbooks, policies and procedures to reflect your new values and collaborative goals. You may also include alignment training in the onboarding process of new employees to ensure your organization maintains long-term alignment.

1.3.3 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.

i. 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).

ii. 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 that work flexibility will have less standardization.

iii. 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.

iv. 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.

v. 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.

vi. 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.

Self-Assessment Exercise 3

Discuss Organizational Structure Dimensions

1.3.4   Business Organizational 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.

Self-Assessment Exercise 4

Explain Business Organizational Structure

1.3.5   Classical Form of Organisation

i. 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.

ii. 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.

iii. 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.

1.4   Alternate Design

Robins has classified the structural designs into three broad types; the team structure, the virtual organisation, and the boundary less organisation.

i. 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.

ii. 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.

iii. 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.

Self-Assessment Exercise 5

What are the Classical Forms of Organisation

1.5 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 endeavors 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 decentralization 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.

1.6   Summary

Structure is what ensures that your organization will function smoothly and as you intended. You should think about structure

1.7   References/Further Readings/Web Resources

Berkowitz, W.R, & Wolff, T.J. (1999). The spirit of coalition building. Washington, D.C.

American Public Health Association.

Unterman, I. & Davis, R.H. (1984). Strategic management of not-for-profit organizations: From

survival to success. New York, NY: Praeger

1.8   Possible Answers to Self-Assessment Exercise(s)

Answer to SAE 1

- Functional structure.

- Divisional structure.

- Matrix structure.

- Team structure.

- Network structure.

- Hierarchical structure.

- Flat organization structure.

Answer to SAE 2

i. Chain of Command: Organizational structures, among many things, help establish who is in charge or what. They dictate how many vice presidents, department heads, managers and project coordinators there are and what they oversee.

ii. Efficiency: Everyone needs to understand their role in a company's operation to do their part well. If two people perform unnecessarily overlapping tasks, the company is wasting labor resources. If no one is handling a particular task because they don't think it's within their role, the company faces another form of inefficiency.

iii. Uniformity and Controls: Some lines of business, such as banking and manufacturing, require require tasks to be done regularly and precisely. Typically, these business require and do not allow much if any variation in how their employees perform their jobs because the requirements of the tasks are set.

Answer to SAE 3

Structural dimensions, which represent internal characteristics of organizations include formalization, complexity, centralization, specialization, standardization, hierarchy of authority, professionalism, and personnel ratios. These dimensions create a basis for measuring and comparing organizations.

Answer to SAE 4

Organisational structure determines the assignment and coordination of roles, power and responsibilities within a business. It also defines how information flows between the different levels of management.

Every business, from a sole trader to the largest company, is organised in a particular way. You can organise a business by function, geographical area, product or project. You can also organise a business in a hierarchical or a flat structure, or even a matrix structure. Introducing a formal organisational structure can help put your business in a better position to achieve its objectives.

Answer to SAE 5

1. Line Organization: It is the oldest type of organization. It is simple too. It is generally known as the military type of organization. In this type of organization authority flows directly from the top may be general manager to the various executives (who are subordinate to G.M.) and from them to lower level charge men or supervisors who in their own turn issue directions to workers.

The superior has full authority over his subordinates for their all activities as per the terms of contract between the employees and the organization. In such system immediate superior is the one who gives orders to his subordinates, assigns those jobs, hires and dismisses as well as takes disciplinary action.

2. Functional Organization: To rectify the weaknesses of line type of organization F.W. Taylor suggested a functional organization at the level of foreman.

Functional organization as conceived by Taylor is a line type of organization with a difference that foreman and the immediate supervisors are replaced by eight categories of functional foreman, four of them are to be located in the shop floors and four of them in the office, but all having direct authority over the workers.

Each of these foremen has to be in-charge of function i.e. an activity or a group of related activities. This set up permitted the individual foreman, in-charge of each function to specialize in it or the enterprise could employ specialists.

3. Line and Staff Organization: The line organization and functional organization gave evolution to third one as line and staff organization, which has got good features of both these.

With the growth of industry in size and complexity the line executives could not perform properly other functions such as advertising, planning and marketing etc. This necessitated the use of functional executives to assist the line executives. So basically, it is a form of line organization where some functional experts are recruited at different levels.

4. Line Staff and Committee Organization: The line staff and committee type of organization is generally seen in complex and large size industrial enterprises.

The theory behind the use of committees to supplement the line is that pooling the thoughts of several experts on problems involving several functions shall give better plans and policies for operation and result in better co-operation in their execution than if they were determined by line executives alone. Committees are supplementary to the line or line and staff type of organization.

Committee is purely an advisory group setup to investigate operating difficulties which occur from time to time and make required recommendations.