

Group of individuals
working together to
achieve a common
goal



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Introduction

An organization can be defined as a group of individuals working together to achieve a common goal or objective. In the business environment various types of organization can be observed, i. e. profit making vs. non – profit making, product based vs. service based, localized vs. international and etc. The goals and objectives of an organization would vary according to the type of organization.

Since the capability of the organization depends on the ability or the performance of the individuals who works in an organization, ability of the employees can be enhanced through various factors and also through better structure and culture of the organization.

For the purpose of this report the organizations which were selected are Nations Trust Bank and Standard Chartered Bank.

Nations Trust Bank can be considered as one of the fastest growing banks in Sri Lanka today. As a young and dynamic bank, it has immediate appeal for young and sophisticated professionals looking for a bank they can identify with. The bank has 40 branches, 9 leasing centers, 43 ATMs, 6 personal banking centers as well as Internet Banking. Considered to be one of the most customer-centric financial institutions today, Nations Trust Bank provides tailored services for contemporary lifestyles.

Standard Chartered PLC is a British financial services company headquartered in London, England with operations in more than seventy countries. It operates a network of over 1, 700 branches and outlets (including subsidiaries, associates and joint ventures) and employs 80, 000 people. Despite its British base, it has few customers in the United Kingdom and around 90% of its profits come from Asia, Africa, and the Middle East. Because the bank's history is entwined with the development of the British Empire, its operations lie predominantly in former British colonies, though over the past two decades it has expanded into countries that have historically had little British influence.

Organizational Structure and Culture

The selected organizations, which are Nations Trust Bank and Standard Chartered Bank, belong to service sector organizations and provide a range of banking services. However, Nations Trust Bank and Standard Chartered Bank can be categorized as national and multinational respectively; it was

possible to arrive at the following conclusion after considering the geographic area in which these organizations operate. Nations Trust Bank can be considered as a localized, national bank as it only operates within Sri Lanka, whereas Standard Chartered Bank has established a global network which spreads over 70 countries from Asia, Africa, America, Europe and Middle East. Hence Standard Chartered Bank can be classified as a multinational organization.

Organizational Structure

The main purpose of organizational structure can be identified as the division of work among member of the organization, and the co-ordination of their activities so they are directed towards the goals and objectives of the organization. There are mainly three types of organizational structures.

1) Functional Structure: In such a structure groups of people who hold similar skills or perform similar tasks are clustered together and usually departments are formed.

2) Divisional Structure: Divisional structures can be of three types. They are,

Division based on Product: Each product division contains the functions necessary to that service the specific goods or services it produces

Division based on Market: Group functions into divisions that can be responsive to the needs of particular types of customers

Division based on Geography: In such a structure regional divisions are set up to service customers in different geographic areas

3) Matrix Structure: In a matrix structure specialists from functional departments would be assigned to work on one or more projects that are lead by a project manager.

As Nations Trust Bank and Standard Chartered Bank are public limited companies and specially the latter being a very large organization, these organizations need to follow a formal organizational structure where they would be able to monitor the activities, assign responsibility for groups and individual members and co-ordinate different parts of the organization.

The members or the employees within Nations Trust Bank have been categorized based on the field or the area in which they are specialized, for instance those who are specialized in sales and marketing would be assigned work related to sales and marketing and would be clustered together.

According to this, various departments in Nations Trust Bank have been created, where, for each department an individual leader would be assigned to ensure regulated smooth flow of business operations. These individual leaders would then report the overall progress of each department to the top management and board of directors as required and decisions would be made with the involvement of the top management. Hence, it is possible to arrive at the conclusion that Nations Trust Bank follows a functional organizational structure which is more of a centralized structure.

Further it could be said division of work within Nations Trust Bank has taken place by major function or purpose. It could also be said that Nations Trust Bank follows more of a centralized structure than a decentralized structure as the organization sets down policies which would affect the organization as

a whole and also mainly since all decisions would be made under strict management supervision and involvement. This centralization could also be due to the cultural effect which is prominent within the country, which is the power culture where control is the key element.

Based on the above information it could be understood why Nations Trust Bank follows a functional organizational structure and also it could be understood that Nations Trust Bank follows a functional organizational structure as it has a range of services which can be grouped under one leader.

Nations Trust Bank has the following advantages of using a functional organizational structure.

Since all the employees who are specialized in a specific area are clustered together, newer employees and other employees would be able to learn easily from each other.

Employees would be able to benchmark themselves with other employees who have higher performance and are working in the same specialized area and would develop themselves further in a more competitive manner.

In the following structure the decision making process is bureaucratic. Since the culture which is mostly commonly seen within Sri Lanka is power culture, when the bank follows such a structure it will be easier to control the organization in order to achieve its goals and objectives as expected.

Since all employees perform similar task within one department work specialization takes place and this would help the organization to increase overall productivity.

Nations Trust Bank not only has advantages of following a functional organizational structure but it also has some disadvantages.

Since decisions are always made with the involvement of the top management individual employees would not be able to make decisions on their own resulting in inefficiency.

The organization follows a bureaucratic decision making process and also problem resolution process; this would mean a low level of employee participation. As a result the chance for a successful leader to be born in such an environment would be low and hence the chance for the organization to gather new leaders from within the organization who understand the nature of the organization would be low.

Standard chartered bank is a large multinational organization which operates in more than 70. Unlike in Nations Trust Bank, Standard Chartered Bank does not follow a functional organizational structure and is less centralized (but the bank follows a centralized structure) meaning Standard Chartered Bank gives more authority to its employees than Nations Trust Bank. Instead of following a functional organizational structure, Standard Chartered Bank follows what is called a divisional organizational structure according to geographic area. Where Standard Chartered Bank would have a regional or divisional head for each region within which it operates.

Standard Chartered Bank mainly has the following advantage of using a divisional structure according to geographic area.

The bank would be able to provide banking services which would be more suitable for each country. For example Standard Chartered Saadiq Banking is a service associated with Islamic banking, in other words the bank follows Shariah principles. The bank has provided various Islamic banking products and services for countries where Islamic population is high (e. g. Malaysia, UAE, Pakistan and Bangladesh).

Beyond this there are a few disadvantages of using such a structure. These disadvantages are listed below.

Since there would be repetition of similar jobs the operational overhead cost would be high.

Since the branches of the bank would be benchmarked against each other conflict situations may arise.

After analyzing the above mentioned information it was possible to arrive at the conclusion that a divisional structure would be the best organizational structure from the above two organizational structures if Nations Trust Bank has an intention to expand overseas as it will be easier to control the organization and since it would not be very practical to use a functional structure in such a situation. And also becoming less centralized will help the organization to function with more efficiency.

Organizational Networks and Linkages

Nations Trust Bank has a network which covers only Sri Lanka. Due to this network the bank has been able to expand itself throughout the island in such a manner that customers would be able to carry out banking transactions easily from any part of the island where there is at least an Automatic Teller Machine available. The bank uses the Flexcube Banking System to maintain the network of branches, outlets and ATMs. It has been identified the availability of flexible working programs within Nations Trust Bank is low. Part time employment can be identified as the only significant flexible working program at Nations Trust Bank.

Standard Chartered Bank covers a wide range of countries unlike Nations Trust Bank. The bank uses computer software in order to maintain a global scale network. Especially the bank would use Sun Microsystems platform or UNIX platform software in order to maintain the data base. These systems enable the centralization of data for the bank. Standard Chartered Bank has recognized the importance of flexible working programs. The bank has understood flexible working programs play a vital role in retaining employees, increasing engagement and attracting a larger and more diverse pool of talent. Hence the organization is trying to introduce more flexible working programs. At the moment the bank uses the following flexible working programs; part time employment, switching between shifts (the employee would be given the opportunity to choose the shift during which he prefers to work) and also the bank has introduced working from home facility initially in four countries namely Ghana, United States, United Kingdom and

Singapore. However, the bank does not follow working from home facility in Sri Lanka.

Organizational Culture

Each organization will have its own unique organizational culture and most of the time large organizations would tend to have a mix of these cultures.

1) Power Culture: Power culture is common for small and medium size organizations. In such organizations decision making is centralized and also these organizations can react quickly to danger around as there would be no consultation required. Further, in a power culture control would be the key element.

2) Role Culture: Role culture is common for large organizations. The key element would be the area of specialization.

3) Task Culture: Task culture is popular in modern business society and refers to a team based approach to complete a particular task. In such a culture staff would feel motivated because they are empowered to make decisions within their team.

4) Person Culture: Person culture is common in non – profit or charity organizations. The main focus of such organizations is the individual or a particular aim.

5) Forward and Backward Looking Cultures: Forward looking organizations are risk takers and perform well due to this risk taking ability. Whereas

backward looking organizations are organizations which do not embrace change and are led by systems and procedures.

When the organization, i. e. Nations Trust Bank, has been analyzed it was possible to identify the organization has a dynamic and a fast paced working environment where open feedback, performance based rewards and remunerations are encouraged. Further employees are encouraged to develop new skills and are empowered by the provision of career opportunities which have a variety of different features. Based on this information it was possible to identify that the culture within Nations Trust Bank is a forward looking culture which has allowed the organization to perform well, expand and become one of the youngest and successful banks within Sri Lanka. However, the bank has some aspect of power culture as well. This could mainly be seen in the decision making process where employees would tend to rely upon some superior source when making a decision. Power culture within the organization could be due to the strong power culture existing within the country.

Standard Chartered Bank being a bank which operates in more than 70 countries with its headquarters located in London, England would mainly follow the organizational culture which is prominent within its headquarters, this would be role culture. However, there would be variations to the culture of branches operating in other regions as it would not be practical to follow an organizational culture which would conflict with a particular region's culture.

For example consider the United Kingdom headquarters and the Sri Lankan Head Office. Employees in United Kingdom would usually be clock conscious as they would consider time is money and also it is unprofessional to get late for work, whereas in Sri Lanka the employees would not really see much of a difference in getting late for work as the country would naturally have easy going relaxed people who would not hurry things. The headquarters would naturally assume that all employees of the bank would perform their tasks and duties on time as this is their culture. However, this would not be the case in most situations and therefore to ensure that work is done the branches in Sri Lanka would have to lay down strict rules and regulations. Constant reminders too would have to be given in order to get a task done. And hence the culture of the country automatically starts taking effect where power culture would have to be followed in order to achieve the expected.

However, on analyzing the overall information of Standard Chartered Bank it can be understood that the bank has a unique culture which it has developed through the years by communicating with broad ranges of stakeholders, prospective employees and customers.

Based on the above information finally it was possible to arrive at the conclusion that organizational culture plays an important role in forming an organizational structure as well as for the success or the failure of a business. Misinterpreting the culture in which an organization operates can lead to conflict and finally maybe even complete shutting down of the organization. Therefore it is a must to interpret and understand the culture within which an organization operates and to select an appropriate organization structure on this basis.

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The Human Resource Function

Stakeholder Perspective: It is clear that stakeholders would have objectives and would expect organizations to achieve these objectives. The organizations should always consider their stakeholder's point of view before making any decisions as this will help to minimize conflicts and avoid a purely instrumental or theoretical approach to Human Resource Management. Nations Trust Bank considers the impact of its activities on various stakeholder groups, carries out activities which will develop a good relationship with stakeholders and also abides by the rules, regulations and carries out business in an ethical manner for the above mentioned purposes. The same would apply to Standard Chartered Bank. However, the branches of Standard Chartered Bank would provide more flexibility (especially for employees) and facilities than Nations Trust Bank.

Human Resource Roles: The role of Human Resource Management (Personnel Management) is taking care and handling the organizations most important resource which is the people resource or the employees. Human Resource Management would help the organization to maintain a balance and efficiently coordinate with the employees so they can work more efficiently and effectively.

The HR department of Nations Trust Bank carries out an immense number of activities for the above mentioned purposes; these activities range from arranging functions such as Christmas Eve get-togethers to New Year celebrations where management and employees from various departments can interact with each other. Beyond this career guidance programs, training and development programs (the bank has a special training and <https://assignbuster.com/group-of-individuals-working-together-to-achieve-a-common-goal/>

development team for this purpose), remuneration and reward schemes and exit interview are conducted.

Standard Chartered Bank too carries out an immense number of activities like Nations Trust Bank to ensure that they stand by their HR roles. Further, Standard Chartered Bank provides a day care facility; the centre provides day care services and educational activities throughout the working day for children aged between six months and 12 years. The organization also carries out exchange programs (India - China exchange program) so that employees would have an exciting opportunity to advance their careers and experience a new culture. For the Bank, it is an opportunity to facilitate the sharing of best practice, ideas and new ways of working between two key markets.

Personnel Policies: An organization's personnel policy means a plan, a course of action or guiding principles which that business will use to influence and determine decisions, actions and other matters. Both Nations Trust Bank and Standard Chartered Bank would have various personnel policies. For example Standard Chartered Bank has developed a policy on the Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS). By this policy the bank ensures that its employees who have HIV AIDS can still work as normal employees without any form of harassment. Where Nations Trust Bank has a policy, going paperless, by which it tries to minimize the usage of paper by transferring all its activities to non-paper based forms such as emailing. By this the organization expects to protect the environment. Beyond the above mentioned policies both of these banks

would have numerous policies which have been set in place regarding various matters.

Strategies, Operating Plans and Strategic Goals for Personnel: An organization's strategy is about what the organization wants to achieve in the long term. There would be various techniques followed by an organization to achieve these goals and objectives. For example, Standard Chartered Bank wants to achieve growth and it plans to do so by following a simple method where it would ask itself self - assessment questions and by following a SMART approach. The bank would apply the same procedure for its employees. Nations Trust Bank follows a similar approach where it has stated its strategic priorities and how the bank expects to achieve them.

Finally it was possible to arrive at the conclusion that carrying out Human Resources Functions would help any organization to be successful. For these purposes various elements such as stakeholder perspective, HR roles, personal policies, strategies and operating plans, and strategic goals for personnel have to be considered.

Individual Behavior at Work

Each individual would be different from each other in some aspect or the other. These differences could be due to demographic factors, abilities and skills, perception, attitude and personality. These factors would not only differentiate individuals but would affect their on the job performance as well as their behavior.

Nations Trust Bank would have employees from various ethnic groups in Sri Lanka. Therefore the employees at Nations Trust Bank would be able to <https://assignbuster.com/group-of-individuals-working-together-to-achieve-a-common-goal/>

experience the difference between each culture and would behave according to the stimuli they receive from the working environment. Due to the civil war which was going on for many years, some of the Sinhalese employees working at the bank would have formed a perception about Tamil employees and would have a different attitude towards these employees, where they would tend to act in a negative unfavorable manner, lose interest and in turn would think negatively regarding their job. Beyond this the Sinhalese employees may think that they are better able to perform the tasks rather than Tamils due to cultural factors. Also since some of these Tamil and Sinhalese employees would have been affected by the civil war, the personality of these employees may have been affected and may have induced negative thinking patterns within them. This may lead to conflict within the organization.

However, Nations Trust Bank treats all employees equally and has taken many measures to ensure that no conflict takes place. In fact Nations Trust Bank encourages its Sinhalese employees to learn the Tamil and Tamil employees to learn Sinhalese. Further, the bank has encouraged interaction between these groups of people through various social activities so that they would be able to better understand each other and value each others culture. The bank provides counseling sessions, training and development and also carrier guidance for these employees so that they can improve themselves. This would help the employees to understand their tasks and duties better, will lead to improved performance, help employees to understand the importance of what each other is doing and appreciate their performance.

Since Standard Chartered Bank is an international bank the demographic element in terms of especially in terms of culture would be very prominent. The branches which operate in Sri Lanka would undergo nearly the same issues related with individual behavior at work and follow similar measures to prevent conflict of any form. However, when Standard Chartered Bank is considered from an international point of view it is clear that the bank would like to increase interaction and gain better understanding of different cultures as well as provide its employees awareness regarding different cultures. A clear example for this type of attempt is the employee exchange program which the bank conducts, for the first time this was done between India and China. Further the bank has included female workforce where 46% of the workforce are females and employees with disabilities where the first employees with disabilities were from Sri Lanka.

Further the bank believes that different employees from different regions have skills which would be useful for other regions this is another aspect which Standard Chartered Bank has considered in its employee exchange program. These exchange programs will help the employees with different skills to interact and help employees to identify their skills. This will help employee's attitude as this will encourage positive thinking. Also this would help employees to gain confidence and in terms improve their personality. This would affect their behavior at work.

Beyond this the organization has established a day care facility in Sri Lanka. This will help the working parents to attend their duties without worry and this will help overall attitude of the employees during work making them

more productive. Provisions of such facilities help the employees have a better perception of the organization.

On analyzing the above information it was possible to arrive at the conclusion that behavior of employees at work from both organizations would be affected by factors such as demographic factors, abilities and skills, perception, attitude and personality. It was also possible to arrive at the conclusion that developing understanding among employees will help the organizations function as one unit and achieve the goals and objectives of that organization.

Approaches to Management and Theories of Organization

Management approaches and organizational theories deal with how an organization achieves its management objectives through the organizational structure, its design and other elements. The management theories can be classified as five major schools of management thought. They are,

Classical School of Management (Includes Scientific Management and Bureaucratic management) – here the emphasis was on managing workers and organizations more efficiently

Behavioral School of Management (Includes Human Relations) – here the emphasis was on understanding human behavior in the organization

Quantitative School of Management – here the emphasis was on increasing quality of managerial decision-making through the application of mathematical and statistical methods

Systems School of Management – here the emphasis was on understanding the organization as a system that transforms inputs into outputs while in constant interaction with its' environment

Contingency School of Management (Includes Contingency approaches) – here the emphasis was on applying management principles and processes as dictated by the unique characteristics of each situation

It was understood that Nations Trust Bank follows a functional structure and Standard Chartered Bank follows a divisional structure based on geographic area. Standard Chartered Bank follows a mixed structure where centralized and decentralized are both considered when making decisions. And Nations Trust Bank follows a centralized approach. Further it was identified that Nations Trust Bank follows a tall span of control whereas Standard Chartered Bank has a flat span of control.

Based on the above information it is important to understand the management theories which the organization follows.

Classical School of Management: Even though scientific management was introduced many years before, organizations still use these principles or theories with minor adjustments. When scientific management is considered, Henry Fayol would be the significant character which would emerge. Today's organizations follow what Henry Fayol introduced with minor adjustments. Bureaucracy means the usage of rules, regulations, policies, procedures and standardization of activities. This concept was introduced by Max Weber. This type of management would be used in the military and not in a bank

usually. This could be understood through the way in which both banks operate.

Behavioral School of Management: According to research which was carried out it has been possible to identify that human interaction or group relationships have a direct impact on productivity and would help to increase the motivation of employees. Therefore, the behavioral management school principles are more focused to understand individual employee's behavior, their interaction and also motivational factors. When Nations Trust Bank has been considered it was possible to understand that the organization carries out many activities which would encourage employee communication. Further, the employee exchange program which is carried out by Standard Chartered Bank can be considered as another example.

Systems School of Management and Contingency School of Management: As it was mentioned before both the organizations, Nations Trust Bank and Standard Chartered Bank, follow a centralized structure. However, in the case of Standard Chartered Bank centralization is less prominent as the bank believes that empowerment of employees would bring out the best from the employees. In a systems approach the organization as a whole would be considered as one system and hence in these type of systems integration, communication and independence plays a vital role. Whereas in contingency approach it is believed that there is no best way to arrange an organization and this has to be decided based on the nature of the organization.

Finally, it could be understood that even though organizations still follow scientific management they try to move more towards the usage of human relations approach and a contingency approach.

Functions of Management

There are mainly four functions of management. These functions are,

1) Planning: Determines the broad lines for carrying out operations, preparing methods by which they are carried out and setting standards of performance.

When planning is done the management of the organizations would need to gather information from the environment in which they operate. For this purpose the organizations would use the macroeconomic factors and would use the PEST tool. Nations Trust Bank and Standard Chartered Bank would both use the PEST tool so that they would be able to analyze the macroeconomic factors which would affect their organization. PEST factors would nearly be the same for both these organizations when the Standard Chartered Bank which operates in Sri Lanka is considered but the bank would have a greater international influence than Nations Trust Bank. The constant changes in the environment should be regularly noted through the PEST tool and based on that the organizations should be able to respond. Further, planning would have the following aspects; forecasting, utilization and also action decision.

2) Control: Checking actual performance against standards to ensure satisfactory progress and performance, and recording as a guide to possible future operations.

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Control is a vital element for both, Nations Trust Bank and also Standard Chartered Bank, as it is the only way by which the managers can find out if the organization is achieving the goals and objectives. Controlling can be carried out by standards, measurements and comparisons. For example, when considering the employee turnover for both the organizations, Nations Trust Bank has been able to continuously decrease its employee turnover. However, at Standard Chartered Bank the employee turnover in countries like India and Pakistan has been increasing. To prevent this bank has introduced a pilot.

Further, organizational performance could be measured based on productivity measures, through financial ratios which could be compared against benchmarked companies, by setting standards and having key performance indicators.

3) Co - ordination: Balancing and marinating the team by ensuring a suitable division of work and seeing that tasks are performed in harmony.

Both banks have been able to co - ordinate their activities through suitable divisions. In the case of Nations Trust Bank the bank has ensured that its range of diverse employees would better understand each other through various activities so that ultimately they would be able to work together as a team to achieve the goals of the organization whereas in Standard Chartered Bank the organization would also have to consider the international market within which they operate so that they would be able to better co - ordinate