Understanding of organisational leadership and analysis commerce essay

The focus of this investigation is an evaluation of how useful organisational theory is when helping to construct different concepts and models about what organisations are, how they function and how their members interact within them. A variety of theories will be compared and contrasted to determine forms of organisational theories are useful when analysing particular types of organisations. Relevant examples of where organisational theory has been implemented will also be analysed to substantiate what type of theory is appropriate in that organisation and whether its implementation is successful. Issues of organisational design, culture, groups and teams are also considered. All of these are factors that play a part in evaluating the relationship between organisational theory and the facets of organisations. It is not an easy task to define what an organisation is, as no one organisation is the same as another. A large scale organisation may have a variety of departments or sites that differ greatly from each other, but it will still have obvious characteristics that make it recognizable. A good example of this is Marks and Spencer, an organisation that has been established for years, and which deals with a high labour turnover resulting in new staff being introduced to a variety of different departments. However, it still has its ' Marks & Spencerness' (Dick and Ellis, 2006). To understand what an organisation is and how it functions, several different organisational theories should be analysed. In doing this a wider knowledge will be obtained showing how an organisation can not simply be defined using one generalised definition. Dick and Ellis' (2006) ' metaphorical analysis' theory of comparing an organisation to the human body with the body working as a unit for example, " the heart, lungs, circulatory and nervous system – each

have their own specific functions". This metaphorical analysis is a basic theory which can be used on a more simplistic level when looking generally at what an organisation is. Dick and Ellis's (2006) theory simply states that if the different ' departments' of the body do not ' function' correctly, then the human body as a unit will not operate correctly. This metaphor can be applied to an organisation. If one or more departments within an organisation do not work to their best ability, then the organisation as a whole does not function effectively and problems arise. A similar idea to Dick and Ellis's (2006) theory, is evident in Mintzberg's (1979) theory. Mintzberg (1979) believes that an organisation is divided into different parts. Mintzberg (1979) takes the basic idea further by seeing it separated into five parts; Technical Core, Technical Support, Administrative Support, Middle Management and Top Management. Mintzberg's (1979) theory on paper appears to be a straight forward, structured theory. However, in practice, Mintzberg's (1979) five parts are often interrelated between each subsystem, and therefore frequently assists more than one of the five subdivisions. For example, although managers will direct and organise other divisions of the organisation, they may also collaborate with administrative and technical support. When this takes place within an organisation, however, Mintzberg's (1979) theory does not completely correspond with what actually takes place in real life organisations. The blurring of boundaries, otherwise called ' boundary spanning' (Daft, 2001) demonstrates how different members of each subsystem work within and across the subsystems showing how Mintzberg's (1979) theory does not go far enough to convey the intricacies of organisations and how subsystems

work within them. IBM is an example of how Mintzberg's theory has worked to a certain extent in terms of the structure of his five parts, but is also restrictive as it does not consider ' boundary spanning'. Within the IBM organisations managers perform boundary spanning so when Lou Gerstner, the managing director of IBM works directly with his customers. This demonstrates how managers cross into the operational subsystem of the organisation by boundary spanning therefore encouraging the different members of the organisation to not just be confined to one part of the organisation and in turn broaden their expertise and skill across the organisation. Mintzberg's (1979) five part theory may also be compared to Burrell and Morgan's(1979) five subsystem theory, Burrell and Morgan go further than Mintzberg (1979), by integrating the idea of ' boundary spanning' (Daft, 2001). Burrell and Morgan's theory promotes the idea that each subsystem is a continuum. Where each subsystem is in continuum with each other they show congruence, where they do not, they show incongruence, which means that a particular subsystem is not in accordance or ' out of sync' with the other subsystems in the organisation. This theory can be seen in practice in Paperless Inc. When Paperless Inc, implemented Burrell and Morgan's (1979) theory, it highlighted how many of the subsystems within the organisation were ' incongruent with the environment in which Paperless Inc operates' (Dick and Ellis, 2006) revealing that a number of changes needed to take place particularly in the technological and human – cultural subsystem. Burrell and Morgan's theory therefore is more useful that Minztberg's (1979) as it firstly, acknowledges the idea that subsystems work together spanning boundaries, but also Burrell and

Morgan's (1979) theory highlights where the problem areas are and consequently what strategies the organisation needs to be put into practice to make improvements. This helps with the overall improvement of the organisation and therefore can lead to increased productivity and efficiency. Both Mintzberg (1979) and Burrell and Morgan (1979) are theorists that use the ' systems metaphor' (Dick and Ellis, 2006) to help us understand what an organisation is and how it functions. Both theorists acknowledge that system approaches are interdependent and that it is not beneficial for an organisations department to stand in isolation, but to understand that each part of the organisation is affected by the other. This was demonstrated by Paper Inc and IBM where subsystems were interrelated and consequently problems were brought to light in particular areas. Even so, certain factors need to be considered to understand fully how successful system metaphors are in helping us understand organisations. System metaphors identify where problems are as in Paperless, Inc but the theory does not provide solutions for the organisation. In addition, theories such as Burrell and Morgan (1979) are best applied to large organisations where there are a number of different subsystems. In small organisations however, it is much harder to analyse the use of system theories. Paperless Inc is an example of a small scale organisation where it was very difficult to analyse the structural subsystem. If the system theories are too limiting for small organisations they will have difficulty analysing their subsystems. Furthermore, Burrell and Morgan (1979) and Mintzberg (1979), both assume that the congruent relationships between each subsystem work well and cooperate with each other. However, this ideology is an unrealistic view as in practice conflict is

bound to arise between the different systems, resulting in power struggles between employers and employees. By considering the limitations of system theories, a greater understanding of organisational theory is achieved. In contrast to the systems metaphor theories, structural theories also explain what some organisations are like and how they function. A long standing theory is Fordism closely related to scientific management theory. In contrast to Burrell and Morgan (1979), Ford's theory focuses heavily on a hierarchical structure and a standardized production process, which in turn affects the way in which the organisation functions as a whole. This structured organisation theory shows the inflexibility of work processes and the need for workers to be tightly controlled by management. Ford's theory differs greatly from Burrell and Morgan's (1979) as there would be no interrelated connections between the subsystems in a Fordist organisation. Ford's theory works in a large mass production organisations, where a particular level of output of identical quality is mandatory. In organisations such as Heinz the same quality of the product is needed every time. In contrast however, after World War Two peoples' tastes began to change as disposable income began to rise again. This therefore led to a demand in variations in specification and design as " people had become dissatisfied with mass-produced standardized goods, looking instead for products that to some extent reflected their individual identities and lifestyle (Rose, 1996). Due to the restrictive and bureaucratic nature of Ford's practice, decisions in relation to market change are slower therefore losing first mover advantage. Inflexible structures bind organisations into producing the same product in a particular way, but also constrain the organisation in innovation and the

ability to change and diversify, leading to a unitarist workforce. However, bureaucracy is helpful in large organisations as it prevents the dilution of communication and control along a hierarchy. As there is very little if any ' boundary spanning' or interdependence of subsystems, the opportunity for the organisation to grow and develop with new ideas and future strategies is limiting. The lack of flexibility and freedom for workers reduces the possibility of development, innovation and ultimately growth. It can be said therefore that Ford's theory is only suitable for companies such as Heinz or McDonalds whereas a more flexible theory would be more successful for others. Having said that, most successful organisations today have no choice but to integrate systems into the organisation that allow opportunities for innovation and flexibility. Mcdonalds for instance regularly introduces new products, or places specific products on a cyclical menu. This ensures that customers remain interested in McDonalds and development and growth continues to take place. Developing on from Ford's theory, a more flexible theory of organisational functions can be analysed. Atkinson (1984) stated that " adaptability is key to survival in the business environments today", this statement is true when considering the limitations and draw backs of Ford's organisational theory. Rather than having a strict hierarchal structure in place, in which workers are controlled tightly by management, the flexible firm theory introduced a core and periphery structure to attain the level of flexibility and adaptability that was needed, this means that there are two different types of staff in the core and the periphery of the organisation. The core workers are those who are permanent, and multi skilled providing the functional flexibility whereas the periphery workers who are often part-time

workers, and highly disposable, supply the organisation with numerical flexibility. There are several advantages of the flexible firm theory stated by Meredith and Hill, (1987) such as " higher productivity from the core workforce", this is because core workers no longer have to carry out jobs that periphery workers now do, meaning that they spend more time focussing on their job which leads to more efficiency and increased production. In addition Meredith and Hill (1987) say there would be " lower wage costs related to the use of peripheral workers". This is true to an extent as the organisation does not have to pay a permanent salary all year round for the jobs that periphery workers do, instead they hire the workers when they need them, on a much lower salary resulting in fewer continual costs at a lower price. A specific example of how outsourcing gives a successful flexible approach to the structure of an organisation is Semco which has grown from a small factory into a confederation of sixteen companies including ten internet projects. Semco is very good example of how outsourcing and creating an organisation which has an obvious ' core/periphery' structure has meant success for the company. Semler the director of Semco believes that through flexible working " employees feel challenged, invigorated and productive; their efforts naturally translate into profit and growth for the organisation" (Handy, 2005). Semler's statement supports Meredith and Hill's (1987) assertions with productivity and growth of the organisation being the main positive outcome that all parties recognised. Despite the advantages of flexible working, theorists such as Legge, (1995) claim that " for functional flexibility to be truly advantageous, organisations need to invest in training, something that UK organisations

simply do not do". Legge's statement is important when evaluating the success of flexible organisations. If organisations particularly in the UK do not invest in training, then the opportunity for increased production, efficiency and growth becomes limited. Furthermore, as Jaffe (2001) states " for multi-skilling to occur, work needs to be characterised as complex, diverse and providing autonomy". However, it has been noted that a common trend found when hiring periphery workers, is that the work carried out is diverse but not necessarily complex, therefore does not provide much autonomy. From this analysis, multi-skilling may be better referred to as multitasking. After evaluating Semco it would appear that in particular organisations flexible working works very well and is advantageous to the organisation, however, like most things flexible working is not a success in every organisation, it depends on a variety of factors, culture being of significance. An organisation's culture can be separated into two types of cultural theory, functional and interpretive. Deal and Kennedy (1988) believe that " a strong organisational culture is the key to business success". An example of where a ' strong' organisational culture exists is in the Tandem Corporation in California's Silicon Valley. Tandem's culture makes it clear that people are extremely important and so they use particular slogans such as ' It Takes two to Tandem' to reinforce the idea to employees so they believe it. Aspects of a functionalist culture are associated with the ' business environment', ' values', ' heroes', ' rites and rituals' and the ' cultural network' (Deal and Kennedy, 1988). Functionalist culture is often underpinned by strong values reinforced by mission statements created by management. If management leads the strong culture of an organisation,

organisations will grow and develop. An example of this is when Fabio Coppello instigated methods based on his Italian culture to turn around the England football team. Deal and Kennedy's (1988) theory has its limitations because much of their research is based on interviews with senior leaders. This in turn only reflects a small percentage of the perception of the organisational culture, the beliefs and views of other staff are not considered, which might in fact conjure up a different image of the culture in the organisation. Cultures which Deal and Kennedy (1988) analyse therefore are not as homogeneous as they claim. In fact it is more likely that " organisations are made up of several subcultures, some of which may contain competing values and beliefs" (Smircich, 1983). This is true when considering schools as organisations and the different subject departments within. The culture within the English department may differ from that of the P. E department due to the interests and personalities of the staff. In support of Deal and Kennedy (1988), however, there may be subcultures much like Smircich stated, but when considering a schools culture, it will revolve around what is best for the students. Once again it would be fair to say that depending on the type of organisation that functionalist cultures exist in, depends on the success of the organisation as a whole. It must be noted that sometimes mission statements are not to do with the values of the organisation at all, instead they are the basis for the corporate image (Fincham and Rhodes, 1999). The values projected in the mission statement are intended to create the ' preferred image' of the organisation. This often leads to conflict arising between different groups. In addition, if Smircich's (1983) ideas are to be considered, by having different subcultures within an

organisation, it must be accepted that this can in turn lead to conflicts between different employees. Interpretive culture is another aspect of understanding organisations and how members work within them. Schein, (1985) believed that " culture is a set of attitudes, values and beliefs that exist in any given organisation and that serve as ' guides for action' for employees. The beneficial elements of an interpretative culture for an organisation is that this type of culture can be adapted to any size or type of organisation, whereas functionalist cultures may only be successful if the organisation is the correct size and type. Furthermore, Schein's (1985) theory of interpretative culture is not concerned with trying to change a culture but to try and understand the organisation and the behaviour of its members. By doing this, an organisation will not necessarily get exactly what it needs out of its members, but it will be able to predict and therefore prepare for particular circumstances. A limitation to Schein's (1985) interpretative culture in contrast to functionalist culture theory, is that in many organisations, there is little explanation as to where the values and beliefs of the culture have come from. Functionalist culture theory is usually generated by the creator of the organisation and then is followed by the employees of the organisation (Trice and Beyer, 1991). It has also been noted that " many organisations in the 1990's tended to have strong theory Y beliefs (Rose, 1990). From this it can be inferred that many tend to have similar cultures that are influenced by the social environment of the time. A draw back of Schein's theory therefore is that the culture can be too insular, and does not acknowledge why a particular culture may exist. An example of this is shown through Waddington's (1999) study of the ' canteen culture'

across the European and North American police organisations, which has been blamed for " blocking the career progression of women and minorities and the aggressive confrontation encouraged by this culture" (Waddington, 1999). Waddington's (1999) evaluation of why this culture exists within the police organisation is due to the ambivalence within on the importance and quality of service delivered by the police. The police within this particular culture are trying to assert themselves by using the techniques associated under an interpretative culture. Therefore when evaluating interpretative culture within a functionalist culture, it is important to recognise that both types of cultures have their pros and cons, and in terms of Schein's culture theory, outside social influences need to be considered when analysing the success of the theory. Another consideration of how workers operate within a culture relates to how groups and teams function within the organisation. Tuckman's (1965) widespread theory presents the stages of group development, consisting of forming, storming, norming, performing and adjourning. Tuckman's (1965) theory can be applied to a recent real life experience. It has been noted that the Chilean miners in the mining disaster went through the stage of ' storming' in a way that proved to be positive as they came through and survived. However, too much storming can be damaging and can take away from the objectives of the group. Just the correct amount can mean that any tensions that exist can be eliminated and progress can be made. In contrast to Tuckman (1965), Gersick's (1989) ' The Punctuated-Equilibrium Model' focuses on the different types of behaviours between group members rather than the stages development groups make. Gersick's (1989) model projects time spans for the tasks at hand, whereas

Tuckman (1965) does not implement any time scales into his theory or effective planning strategies into the project, which may in turn lead to target problems, tensions and conflicts between group members, reducing productivity and efficiency. A balanced group theory that would be best implemented into an organisation to achieve the best possible results would be a combination of both Tuckman and Gisick's theories, where outlined stages, timescales and behaviour analysis are used to analyse group work. Where a group focuses more on individual accountability, a team " is a small number of people with complementary skills who are committed to a common purpose" (Katzenbach and Smith, 1993), this is a key difference between groups and teams. Peters' (1989) theory is based on the idea that organisations are most successful when their teams are self- managed. Johnsonville Food's Wisconsin sausage factory is a good example of where self-managed teams work. Highly trained team members made a variety of different management decisions, including things such as reward management and quality improvement, similarly the UK's Inland Revenue department used self managed team based theories in their organisations and " in the first year the vast majority of teams met their objectives" (Daft, 2001). Although there are a number of examples of where self-managed team theory has succeeded, intra-group and inter-group conflict is a problem that can take place as recognised by Sherif (1966). Both team work and group work suffer from conflict, however what must be decided by management is what form of collective employee work would be the most appropriate and successful for the organisation. To conclude, there are a variety of different facets of organisational theory that need to be

acknowledged to understand what an organisation is, how it functions and how its members work within it. Theories ranging from structure, systems, culture, groups and teams make up the analysis needed to evaluate which organisational theories are most appropriate and successful for organisations. It must be remembered that all the theorists were observers and this process of observation will have had an effect on the observed and hence the overall result. This consequently led to Heinsenberg's uncertainty theory where a slight deviation in performance should be expected and taken into consideration as this process is not neutral. This therefore means that no theory is one hundred percent accurate and this is why it is important to look at several.