

Is rationalisation a desirable strategy?

[Business](#), [Strategy](#)



Foundations of Managing and Organising – Essay 1 Is rationalisation a desirable strategy for managing and organising Junction Hotel in the current economic climate? Junction Hotel is an ‘ upmarket, city centre hotel with proud tradition of strong customer service with a traditional approach’. (2012, pp. 2-3) FoM Seminar workbook 1 – 2012-13). Simon Chance is the newly appointed C. E. O of the hotel in hope to restore the glorious hotel there once was. Simon Chance is a venture capitalist and president of Second-Chance consortium and is willing to step up to the challenge of updating the hotel through the way it operates, looks and how its run.

Problems with the hotel range from poor management and organisation to dated equipment and deteriorating interior. This does not impress the high-class clientele the Hotel claims to cater for. The poor condition of the hotel matched with the very expensive room charges is not something customers will oblige to pay for especially in the current economy where people’s expenses are rising alongside taxation and a poor economic climate leaving people with less disposable income.

Furthermore, with the worldwide hotel sector looking as if it will be much more profitable there will be increased competition for Junction Hotel and a wider choice of hotels for customers to choose from. (MarketingCharts Staff, February 21, 2012. Hotel Industry Poised for 2012. <http://www.marketingcharts.com/direct/hotel-industry-poised-for-2012-growth-21201/>). Chance has decided a new business strategy is what Junction Hotel needs in order to regain the success it once had and looks at rationalisation as a potential strategy.

Rationalisation is organising a business through principles of management in order to gain efficiency often accomplished through downsizing e. g. reducing workforce or selling/closing plants. By increasing efficiency it can cut hotel running costs of which the money can be spent on renovating the run down hotel. A problem with the current state of Junction Hotel is the lack of clear roles and job titles, which can be seen as almost essential today for all businesses.

A more bureaucratic approach would be a great way to overcome this. This would include a clear hierarchy of authority usually presented in an organisational chart appointing each staff member their place in the organisation and who they answer to i. e. who their supervisor/s are. At the moment there is confusion with a number of staff as to what their roles are such as Linda Wilkinson whose responsibility is continually growing ranging from cleaning staff to reception staff to maintenance etc.

This poses a problem as there is no division of labour which instantly reduces efficiency in the organisation as employees may not be clear on what to do and therefore there may be more people than necessary doing a specific job or important tasks left altogether. Furthermore, there is confusion over the roles in the restaurant with the Head Chef and Wilkinson both wanting control over the waiting staff. A well thought out organisation chart will indicate the position of each employee very clearly and means everyone should be able to cope with the workload thus minimising mistakes.

It may be that Chance needs to hire more supervisors as Wilkinson seems to be accountable for many of the staff – a much higher ratio than what would be ideal. Morgan, G, (2006) " Mechanization Takes Command: Organizations
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as Machines" from Morgan, G, Images of Organization p 19 states that there should be Unity of Command meaning an employee should receive orders from only one supervisor as well as a low Span of Control meaning the number of employees reporting to one supervisor should not be so large that it creates communication problems.

It is evident that this is not the case in Junction Hotel and the problems of this are beginning to show. (REFERENCE ABOUT SPECIALISATION e. g. relating to mcdonalds/travelodge). Taking this more bureaucratic approach will enable Chance to make the workforce more rational and organised allowing efficiency of work to increase. Chance may decide the workers are unmotivated if rationalisation is put into action. By allocating specific jobs especially monotonous labour that is carried out day in day out workers may feel dehumanised and can get easily bored.

This is a downside of the strategy Chance wishes to use however, there have been studies such as the Hawthorne studies which suggest it is possible to overcome these problems. Furthermore, on the plus side work at Junction Hotel is not as repetitive and dehumanising as factory workers who worked for Taylor or Ford and is even better than much of today's work which has been a victim of 'McDonaldization'. Ritzer, G. (2008) The McDonaldization of society p. 7 claims due to efficiency 'Managers... gain because more work gets done, more customers are served and more profits are earned' and therefore aim to achieve greatest efficiency which is defined as 'choosing the optimum means to a given end'. This type of rational organisation is very mechanical, employees work solely for monetary rewards and work is very individual. This type of working environment would not suit Junction Hotel as a

hotel is a very social place where workers need to communicate with each other and customers.

This type of work environment in modern society would be found in a fast food restaurant such as McDonalds – here monotonous tasks are continuously carried out by the workers and even what they say is scripted. This would not work well in the Junction Hotel setting as each customer in the hotel will have different queries besides “ would you want the receptionist to have the same conversation with you as somebody serving you in McDonalds? ” (FoM Seminar (2012) Nottingham Trent University). Furthermore, the Hawthorne Studies found that there are many factors that changed the output workers produced.

I feel these are not entirely relevant to the workers at Junction Hotel because a lot of the jobs to do at Junction Hotel are more concerned with the quality than the quantity. For example there are only 100 rooms to clean though these should although be done quickly there should be certainty that each room is spotless to maintain this luxurious hotel image. Changes in the light level won't have much impact on the rate of work in the Hotel or have much impact on customers as they are not really buying products. Such changes may be necessary in the restaurant as here it is important for food to be made and served quickly.

Overall, I think rationalisation is a much needed strategy but not in the way it is made clear to us in the modern day e. g. by dehumanising workers and giving them simple, boring tasks to do. It is important for Junction Hotel to gain a structure/hierarchy as well as division of labour to occur though there is a risk of workers being stripped of their individuality and therefore a line

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must be drawn at how bureaucratic the organisation should become as it must remain a high class venue and not equivalent to a Travelodge where there are hundreds of venues which look and operate the same and include no perks for the customer.

REFEERNCE LIST: Anon. (2012, pp. 2-3) FoM Seminar workbook 1 – 2012-13
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Morgan, G, (2006, p 19) " Mechanization Takes Command: Organizations as Machines" from Morgan, G, Images of Organization
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