

# Barclays – how an existing business runs from day to day essay sample

[Business](#)



I have been asked to produce a report and investigate how an existing business runs from day to day. This includes the organisations aims and how the culture and style of the business helps to achieve this through modern technology.

I have chosen to use Barclays as my organisation as I am currently one of their customers and wish to study a well-developed and successful organisation.

## History

I wanted to gain knowledge of how Barclays became about being the successful organisation it is today, so I researched into its history from over 300 years ago.

John Freame and his partner Thomas Gould in Lombard Street, London in 1690, founded Barclays. The name Barclay became associated with the company in 1736, when James Barclay – who had married John Freames's daughter – became a partner. Private banking businesses were common in the 18th century and by 1890 there were some 100 private banks.

In 1896, 20 of these banks merged to form a new join-stock bank. The leading partners of the new bank (which was named Barclay and Company) were already connected by a web of family, business and religious relationships. The company became known as the Quaker Bank, because this was the family tradition of the founding families.

This new bank had 182 branches, mainly in the East and South East and deposits of 26 million, which was a substantial amount of money. It expanded its branch network by taking over other banks.

In 1918 the company – now called Barclays Bank Limited – amalgamated with the London, Provincial and South Western Bank to become one of the UKs big five banks. By 1926 the bank had 1, 837 outlets in its own name and was administered separately until 1940.

Barclays global business began development in 1925, with the merger of three banks in which Barclays held shares: the Colonial Bank, the Anglo Egyptian Bank and the National Bank of South Africa. This new Barclays Bank had businesses in Africa, the Middle East and the West Indies. Its name changed to Barclays Bank DCO in 1954, in response to changed economic and political conditions.

In 1981 Barclays became the first foreign bank to file with the Securities and Exchange Commission in Washington and raise long-term capital on the New York Market. In August 1986 Barclays became the first British bank to have its shares listed on the Tokyo Stock Exchange and in September 1986 to be listed on the New York Stock Exchange.

Barclays Global expansion was given more power by the creation of a new investment banking operation, Barclays de Zoete Wedd Limited (BZW) in 1986. This followed the merger of the group's nine-year-old bank and Barclays Investment Management with the stockbrokers de Zoete and Bevan and jobbers Wedd Durlacher Mordaunt and Co. Following a re-organisation in

1997, the greater part of BZW became the business known today as Barclays Capital.

In 1998 a new structure for Barclays was introduced. Barclay's activities were split up into four major Global businesses. This later changed to five when Barclaycard became a separate unit on 1st January 2000. Each unit focused on the needs of different sets of customers.

- \* Retail Financial Services – meets the needs of personal and small business customers.
- \* Corporate Banking – serves medium-sized and larger businesses.
- \* Barclays Capital – focuses on the international investment-banking arena.
- \* Barclays Global Investors – The world's largest institutional fund manager.
- \* Barclaycard – the credit card scheme.

### Barclays Today

Today Barclays PLC is a UK based financial services group, engaged primarily in the banking, investment banking and asset management. In terms of assets employed, Barclays is one of the largest financial services groups in the UK. Employing 75, 300 employees world wide, with 57, 000 of them based in the UK.

Barclays has a turnover of 3, 496 billion, and compared to the other top five banks in the UK, it is the most successful financial wise.

Barclays has 2, 129 UK branches and 624 overseas branches. The chairman of Barclays is Sir Peter Middleton who was appointed at the 1999 annual general meeting.

Barclays also now operates in many other countries around the world and is a leading provider of co-ordinated global services to multinational corporations and financial institutions in the world's main financial centres. This puts Barclays in a strong position in the market.

Barclays profit before tax in the year 2000 was 3, 496 billion. This table shows where Barclays rank within the top five most popular banks in the UK. As the table shows Barclays was the most successful within the terms of profit. This was largely because the changes made in the years before paid off in the year 2000.

I have looked at the history of Barclays and seen how it has grown into the large PLC it is today. I am going to evaluate the benefits and constraints of the classification of Barclays to form a background of the way it runs.

E1

### The Classification of Barclays

The Memorandum and Articles of association were not available for evaluating but I was able to discuss the document with the manager of retail at the branch on Market Street in Bradford. Barclays is a public limited company, as it states in the Memorandum and Articles of Association:

“ The company was incorporated in England and Wales on 20th July 1986 under the Companies Act 1862 to 1890 as a company limited by shares and was re-registered in 1982 as a public limited company under the Companies Act 1948 to 1980. The company was re-registered as Barclays PLC on the 1st January 1985.”

A public limited company has its shares available for purchase on a stock exchange. This gives Barclays the benefit of attracting shareholders and also the possibility of attracting large-scale investment from other financial institutions such as insurance companies.

Barclays benefits greatly from their open access to funds, as they can at times elect to offer an issue of shares for sale and in order to acquire capital for expansion or to fund new projects.

Barclays also has limited liability, which was first introduced in 1855 under the Limited Liability Act. This provides protection for the owners of Barclays – the shareholders, against personal loss. This is an advantage as shareholders financial liability is limited to amount of capital that they have invested in the business. However, limited liability does not protect any further funds, which are promised by the shareholder.

Barclays are able to benefit from economies of scale in production and the power of bulk buying ability in distributing. Barclays commands high profit margins, and this gives the company the strength in depth by maintaining a high staff presence. This enable Barclays to chose from the best within staff control. Having this advantage gives Barclays the best team of directors,

who have the expertise that Barclays needs. Therefore these highly trained people can direct the company, and help guide it towards the high success rates that Barclays strives to achieve.

Being such a large public limited company has caused Barclays to create many layers of management. Each level has expertise in that one area, which is not always a good thing. It would be more beneficial to Barclays if staff were aware of other functions so that decisions can be made for Barclays as a whole, and not just the individual departments.

Barclays PLC could suffer from a divorce of ownership from control. This means that the shareholders, who technically own the business, do not necessarily control Barclays. Shareholders should be involved and attend annual general meetings and vote on key issues and policies to determine the future strategies of Barclays. But this does not happen because many shareholders have limited knowledge of Barclays and business management. Making these decisions requires commitment and regular involvement that shareholders cannot do. Therefore to avoid the company becoming 'under new management', the directors of Barclays are careful to control the ownership of at least 51% of the shares. In conclusion, Barclays is a highly successful public limited company and takes advantage of the success rate to have great strength within the competitive financial market. This does cause knock-on effects, where Barclays could lose control when the management team becomes too complicated.

Benefits

## Constraints

Attracts shareholders and large-scale investments

Shareholders own the business but are not involved in a lot of decision-making.

## Limited Liability

Could lose control when management levels become too complicated.

## Economies of Scale

Hierarchies within the business can cause barriers to communication when travelling down or up the hierarchy.

High profit margins, leading to expenditure to excel in areas such as staffing.

The Board make all the decisions but they do not have first hand experience of being on the front line and dealing with customers.

As a basic starting point before I look at the goals for the business I have included the following principles that Barclays has to consider for the business to continue running smoothly

The factors for constant consideration within Barclays

A business employs a variety of resources when it produces good or services.

## Capital



Refers to any manufactured product used by the business. So this includes factories, offices and all machinery used in the production process. It also includes raw materials used in the production process. But this does not include money; which is only useful to the extent of buying capital.

### Labour

This refers to the input of the employees. Whether they are the cashiers who deal at the front line with the customers, or the executives on the Board. Barclays has to take into account the number of staff, the wages, training and development and ways of monitoring these issues.

### Land

This is not only the site in which the business is located but also all of the natural resources it may use. So the gas, oil and water that Barclays use are also classified as land. Land is currently being reduced as many branches are now closing and the facilities are becoming available at Post Offices around the UK. In the past we have seen banks in the central areas but these are widely being moved to smaller communities so customers do not have to travel in order to do their banking.

### Enterprise

This refers to the role of people who risk their money in establishing and operating Barclays. The other resources – Capital, Labour and Land – would not be put to use without the entrepreneurs investing their money and ideas into the business.

Of course, businesses vary and do not require factors of production in the same amounts or proportions to undertake their activities. It also varies what businesses decide to do with the wide range of methods of production.

Barclays could decide to do a task for its customers manually. This would be opting for a ‘labour’ method. Labourers would be used, but if there were a high demand then machinery would be more effective to get it done quicker. This would be using a ‘capital’ approach. So the factors can be combined within Barclays to produce their services to the public in different ways.

E2

The objectives of Barclays

A strategic aim summarises Barclays long term goals and gives the organisation a sense of purpose. This statement represents the businesses vision or mission. Objectives break this vision down, perhaps into different departments on how each section can help to achieve the aim.

Businesses exist to provide goods and services. All businesses have to aim their product or service to satisfy customer wants or needs. Businesses set themselves objectives to govern the way they work.

The financial services industry is experiencing major changes which demands new strategies. The banking sector has to address this changing framework of fierce competition, customer expectations and new technologies that alter the way products and services are delivered.

Barclays have made changes to respond to these challenges. Including the services that are available online, causing less usage of the branches, and closing many branches throughout the UK.

Barclays strategic aim is to continue to strengthen their position as a world-leading financial services organisation. Within this involves a more detailed account of what Barclays aims for the future. These appear to be aims in themselves, but I have classified them as objectives, as each one is a way towards keeping on task towards the strategic aim. These areas are:

- \* Profit

- \* Growth

- \* Staffing

- \* Social responsibility

Profit

High profit levels offer Barclays real advantages. It gives the organisation opportunities to invest in improvement and expansion within technological services.

On a review of 2000, the Chief Executive of Barclays stated:

“ Profit before tax was 3. 5 billion, up 42% on the year before. The results reflect revenue growth of 15%, 260 million of productivity gains in business as usual costs and an almost doubling of strategic expenditure to 426 million.”

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A high profit margin will also give Barclays confidence of receiving repayment of their loans. Potential shareholders will be attracted by the prospect of large individuals and rising share values.

### Growth

Increasing market share is an important target for the Board of Barclays because their pay packages will be a combination of shares and salary. This may enhance their careers to other businesses. Growth within Barclays includes the development of Barclay University (BU), which gives Barclays employees learning opportunities. This also connects with the aim of being 'employer of choice'. Every area of Barclays can develop in different ways to help achieve the strategic aim of Barclays.

### Staffing

Barclays understands that motivated employees provide excellent service to satisfied customers. Barclays wants to put into place policies with emphasis on training and development, equality and diversity, flexible working and performance related pay.

### Social Responsibility

A business, which is seen to be socially responsible, will retain the respect of its customers. Barclays has one of the biggest community programmes in the world, with a spend in 2000 of 26.3 million. Barclays believes in involving its employees to be more socially responsible, and intends on extending in this area.

In order to achieve these objectives, within their mission statement there are three key areas. Each one relates to the objectives in which Barclays want to achieve.

\* Faster – The importance of being first in the marketplace with new products, new technologies and new ways of reaching their customers.

\* Smarter – Customers increasingly expect more sophisticated products and greater convenience from their banks. Which means Barclays wants to be consistently smarter in understanding customer needs and in responding effectively. The tools to do this include the new use of technology and the different ways of operating to improve the business.

\* Bigger – A big world needs a big bank. It's good to have an organisation with the power and reach of Barclays working for you

## OBJECTIVES

Faster

Bigger

Smarter

1) Profit

To quicken transactions using technology and making customers happier, and therefore increasing the profit.

Increasing the size of the business in promotion terms will in the long term increase profit.

To understand what customers want and expect so Barclays can meet their standards and make the customers happy – hopefully spreading the word and attracting more customers. This will increase the profit

## 2) Growth

Internet shopping is a quicker way to buy goods if customers have a Barclaycard. Being able to quicken transactions using internet banking will increase the growth rate of internet users.

Combining with the Woolwich has doubled Barclays share of the UK mortgage market. If additional features such as WAP phones and internet banking are to be increased then the growth rate of customers is likely to increase.

Exchange traded fund are popular with investors. A new idea is in process called ishares, where Barclays Global investors reflect the performance of a market or sector. Therefore increasing the amount of investing by using a smart way to invest.

## 3) Staffing

There is now a Barclays University to promote training and development for the usage of technology learning so that tasks can be done by employees through technology and therefore getting them done quicker.

The graduate development program is an aim to expand in this area. During 2000, there were 113 new recruits. Expansion within large areas of Barclays is a main focus area so that there can always be an employee to do the work set.

Employee feedback is essential to be smarter within the staffing of Barclays. Barclays aims to take their views seriously and invest in time to ensure it is accurate. Employee focus groups are being introduced to help Barclays understand the key business issues.

#### 4) Social responsibility

Barclays are involved in many programmes to help the community. Barclays hopes that this number will quickly rise to help in new key areas including Education, Environment, Arts, Disabilities and the Disadvantaged.

Barclays New Futures is their largest educational sponsorship programme in the UK. Having large investments in the community is a positive response to being socially responsible.

The people of Barclays are all encouraged to be involved in fund raising. Being smarter in this way will enable the employees to provide practical help for organisations and charities of their choice.

E3

I have looked at the Aims and Objectives of Barclays and now I am going to look into the way the organisation runs and the different departments that make up Barclays and what they do to help achieve the objectives

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## Barclays functions

All businesses combine the factors of production with functional areas within the business.

### Research and development

A business that does not develop new products and services will quickly lose out to competitors. Within the banking world, customers have widely differing needs. The demand for faster and easier banking is increasing and technology is becoming the most frequent way of banking. But there are also customers who prefer to bank the traditional way. This is where the research and development department comes in. Barclays must monitor the efficiency of the way banking is done and research and develop new techniques in line with modern technology to meet customer's expectations.

Research within Barclays mainly involves investigating the changing needs of customers. People are changing jobs more often and travelling more widely. Pensions and health care are becoming more important. Customer tastes are becoming increasingly diverse – ranging from those who welcome the 24hr electronic access to those who prefer personal face-to-face contact. The Internet is revolutionising how people can share and access information, and is striving to take advantage of new technologies. All commercial enterprises are having to re-examine how they do business – this is what the research and development departments do within Barclays. They have to identify new ways of offering value and building differentiation.



Barclays have spent over 10 million on customer research programmes in 1999 to ensure that Barclays can build an in-depth understanding of customer's needs and expectations.

This competitive edge can take a number of forms:

- \* More advanced and sophisticated products
- \* An improved image with customers
- \* A good reputation for advice and after-sales service
- \* Reliability such as delivery dates and punctuality within meetings.

## Finance

Barclays is in the financial service and constantly handles money. But the finance department in Barclays also carries out a number of activities.

- \* The finance department records all the financial activities of the business, listing revenue earned by the business and the expenditure necessary for production.
- \* Employees in the finance department monitor the expenditure of all departments and advise if expenditure appears too high.
- \* The Finance department oversees customers accounts to ensure that Barclays receives the money to which it is entitled. This includes things such as customers being overdrawn. The finance department consults the customer of the overdrawn and alerts them of the interest rates.

\* Employees in the finance department also interpret financial data for senior or middle management to ensure that decision-making is based on the most up to date information possible.

\* The finance department also provides financial information about Barclays tax liability to external bodies.

Corporation Tax Inland Revenue

Income Tax

VAT HM Customs & Excise

The finance department is revolutionising as technology advances and is being widely used. Barclays is now implementing policies to involve more people in the management of finance. This will involve de-layering, which involves reducing the number of levels of hierarchy in the structure. This means that employees lower down the hierarchy have greater authority and greater control over their working lives. This will have a significant change and mean that the finance department will have greater responsibility for:

1. Training non-specialist employees in managing finances
2. Supporting colleagues on an on-going basis
3. Monitoring financial decisions on a large number of colleagues.

Advances in technology have advanced de-layering and the way that functions are carried out, such as the use of spreadsheets. This enables Barclays to provide much more detailed information quickly and cheaply

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Accurate financial information is essential in allowing Barclays to maximise profits, achieve sustained growth, maximise revenue from sales and meet set objectives.

## Human Resources

Personnel management involves managing the people in the business including recruitment, selection, training, and redundancy etc.

The Human Resources department is involved in a number of activities to ensure that employees are utilised effectively. These activities are carried out whilst taking into consideration the achievement of the business objectives.

Demand of labour Supply of labour

Number of workers needed Existing workforce

Skills required Skills shown through skills audit

Location of employees

Human Resources Plan

Recruitment

Training

Redundancy and Deployment

For the above diagram to be effective, it involves a number of activities:

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- \* Recruiting employees – internally and externally
  
- \* Training new and existing employees
  
- \* Paying salaries
  
- \* Dealing with disciplinary matters and grievances
  
- \* Developing and monitoring an employee system designed to assess performance, set targets for achievement and identify any training needs.

Within Barclays, wage costs are the single largest expense and stands at over 70% of their entire budget on wage costs and salaries. Therefore it is vital for Barclays to make the most use of their human resource department.

## Marketing

Marketing is involved with satisfying the customer needs at the right price.

Within Barclays the marketing department carries out a wide range of functions on behalf of the business. Essentially marketing is communications. The marketing department communicates with a number of groups internal and external to the business.

The relationship between the Marketing department and other departments has a great deal to do with the success or failure of the whole organisation. No one department is more important than another, all are equal although sometimes according to the nature and needs of a business, one function might have to take a lead role. Departments must co-operate and interlink to achieve the over all goals of the organisation.

Some of the functions that the marketing department complete consist of the following:

- \* Research
- \* Promotional activities
- \* Personal selling
- \* Sales forecasting and planning
- \* Distribution
- \* Merchandising
- \* Packaging
- \* Product-market planning and Management
- \* Pricing and profit planning
- \* Administration and control

#### Administration

This department is essential for keeping the ‘wheels’ of Barclays turning. Within Barclays the business’s information technology section is centralised here. This is where the management information is stored for decisions to be made. The activities of the other departments are linked here by duties that are done such as filing, data processing and information processing. The administration department keeps Barclays moving, and keeps check of

security and maintenance. There is an office manager with the responsibility for coordinating office services and offering expert advice to departmental managers. The work of an office manager includes activities such as organisation training, advising departments on layout, equipment and practices, coordinating the supply of equipment and stationary, standardising office practices and setting up an efficient communications network within Barclays.

In order to achieve the objectives that Barclays set, each of the departments need to work together and have tasks of their own to help to achieve them.

To maintain productivity in the departments and to motivate the workforce, the strategic aim should be made clear, and I think it should be on the notice board in the staff room or work environment.

“ To strengthen our position as a world-leading financial services organisation”

But how does each department within Barclays help to achieve and contribute to the succession of the set objectives? I remind you of the objectives:

Profit

To increase profit all the departments will work together and communicate to strengthen the outcome.

Below is an example of how each of the departments may contribute to the increase of profit.

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To increase profit perhaps Barclays may wish to extend or improve one of their services, which currently has the lowest intake.

Currently OpenPlan with The Woolwich does not have as high an intake as the rest of the personal financial services. Below I have described how each department might be involved with the changes that may occur to improve the situation.

Firstly the R+D department would be heavily involved with the research of the Open Plan service and its customers, therefore communicating with Administration for documents and customer profiles involved with the Open Plan. Once the research has been undertaken it will need to be analysed and conclusions will have to be made. The finance department will need to be involved with the conclusions as budgeting will need to be arranged if the changes are to happen.

Once a plan has been drawn up for these changes, finance will have to finalise the changes due to it being in their department. (after authorisation from the board of directors)

The finance department will need to communicate with the Human Resources department so that training of the staff involved in the Open Plan can be developed. The finance department will also need to communicate with the Marketing department so that promotional activities can take place.

Activity

Department

Communicates with

Research into the service and develop it using the results.

## RESEARCH AND DEVELOPMENT

During research all dep.

Finance - to give the results and make a decision on the changes

Marketing - to give results to analyse.

Human resources - communicate so they can train staff to deal with the changes being made.

To make the changes that have been research and developed.

## FINANCE

R+D - gather results to make the final changes

Admin - keep informed changes being made, so copies of documents can be filed.

Marketing - Details of the changes so promotion methods can be done.

To promote the changes and improvements to the public, to increase customer numbers.

## MARKETING

## DEPARTMENT



Communicates with all departments

Keeps track of all activities and copies of documents used

## ADMINISTRATION

Communicates with all departments

Train and develop the staff involved with the changes being made

## HUMAN

## RESOURCES

Details of the changes will come from all departments

Growth

Growth within Barclays means growth in various areas like money, assets, capital.

All departments add to the growth of Barclays in their own ways:

Staffing

Below is how each department works to achieve the staffing objective.

Finance – Investing into programmes such as Equality and Diversity, and Barclays University.

Marketing – Keeping in close contact with Barclays union UNIF. This partnership has made the following changes:

The development of new disciplinary and grievance procedures

The joint agreement of a new Health and Safety policy

The establishment of joint partnership working groups to address issues including health and safety, work/life balance, reward and performance management.

R+D – There is the need for continuous research to further build achievements and that is what research and development do.

Human Resources – This is where all staffing issues are held, from staff details to recruitment. The human resources section in Barclays is currently not emphasising on the recruiting process but on the training and development aspect to improve staff performance. The modern apprenticeship scheme has been improved and now Barclays are actively recruiting 16 yr old school leavers, to work in branches.

Administration – This department has more widely been used in staffing issues as the work/life balance has been improved, a lot more staff are able to work from home.

Social Responsibility

Having community involvement is an important issue in any large organisation. It shows their customers that they are considerate and putting a part of their profit to good use. It defines what the company is about and that they differ from their competitors.

C1

But how well are they working?

It's all as well setting objectives to try and meet the vision within Barclays, but they need to be constantly monitored to see if the company is improving.

There has been a lot of planning within Barclays to improve profit through technology resulting with quicker transactions. Whilst this looks positive with the pre-tax profits going up 9%, there has been other parts of the criteria that has not been met. I found an article on [www.theguardian.co.uk](http://www.theguardian.co.uk) which shows the main points which have not been so successful. The whole article has been included in my appendix but I have highlighted areas of certain interest to me.

“ Shares in Barclays, the first of the big banks to release its annual figures, fell 2% to 21.70 on disappointment at a sharp rise in its provisions for bad debts and a larger than expected rise in costs.”

It seems to me that within the objectives of the profit, there has been some finance areas that have not been focused on and have therefore had a negative affect on the finance area as a whole.

An analyst at Fox-Pitt Kelton says “ We reiterate our concern that Barclays is not controlling its costs effectively” Whilst the profit margin is improving, costs within the business are in fact rising. In my opinion Barclays needs to restructure their objectives around these rising costs and research on how to deal with these changes.

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To be critical on the growth of Barclays is not easy. Barclays is a world wide financial service operating in countries all over the world. The map below shows the span of its growth.

Growth within Barclays is clearly improving due to each department working together as I stated. Researching into the growth of Barclays, I found facts such as the following:

“ Barclays is one of the biggest financial service services groups in the United Kingdom. Providing financial services to around 13 million personal banking customers and have some 630, 000 customers of the small business banking service, which includes community accounts for clubs, charities, and associates. Some 150, 000 companies and institutions are served by corporate banking business and Barclays provide investment banking and asset management expertise to clients globally.”

Overall I think the growth rate in Barclays is very successful as the facts state.

The staffing in Barclays has undergone much improvement due to the introduction of Barclays University at Staverton Park in Northamptonshire. It gives staff the opportunity to learn skills they need in the workplace and other skills of their own interest. There are also other learning points around the country being created so that employees all over the country have easy access to over 500, 000 different courses. Currently whilst the BU is a good idea, it is not available for all employees within Barclays but once the new

learning points have been introduced they will be most beneficial for the employees.

Another aspect which I found was particularly important to the staffing objective is the constant consideration of employment and diversity at Barclays. There is a programme within Barclays which mainstreams equality and diversity into all business employment and community practices.

E4

### Organisational Structure

“ Domination encourages the formation of hierarchies in all forms of life and culture because it makes the exercise of control easier.”

I found this quote on the Internet and I wanted to include it in my report because after learning a great deal about Barclays I thought that this statement links very closely with the company.

All organisations have a structure through which the business as a whole and the various operations can be directed, monitored and managed. A formal structure ensures that everybody can see his or her roles within the organisation.

Each department within Barclays has its own pyramid structure of head, senior, middle and junior staff, and career hopes and expectations will cause employees to seek to climb the pyramid.

I have included an organisation chart of the company and it shows a strict hierarchy. The Board that stands at the top does not communicate with the people at the branches. To inform the branches of changes, new ideas or improvements. This is done by newsletters, meetings held by individual branches but the Board does not actually communicate face to face with employees.

This is a very strict hierarchy with many levels in which ideas have to be sent up and down.

A hierarchy being this strict has its good points and bad points. Having a group of people at the top, whom everybody answers to makes it clear who is in charge. This gives the Board the ability to instruct the people below them, in which the tasks will get done to please the people at the top.

Often organisational structures are formed from which the staffs are familiar with, perhaps from a business they have previously worked for. The reality for Barclays is that this structure has simply developed over time with the consideration of the changing environment and from the experience of staff.

### Line structure

In a line structure, a company is usually organised into functional departments, like Barclays. Each is headed by a senior management and below them is a chain of command. This causes a line of authority and responsibility down the structure. This is an example of line structure in the sales and marketing function within Barclays:

Each person in this line has authority over those below. They are also responsible for making sure that the work handed down to them from their immediate manager is completed. For example, if the Sales Director requires the Sales manager to complete a task then the Sales Manager may have to delegate some tasks onto the supervisors to complete the tasks. However, if what the Sales supervisor does is not satisfactory, then the Sales Manager is answerable to the Sales Manager.

This is a hierarchical structure, which is simple to understand, as staff knows precisely where they are in the structure. Having this type of structure makes it possible to delegate work further down the line and this is valuable when widening the experience of subordinates. However some line structures have quite a long chain of command and instructions may take a considerable amount of time to travel down. This may cause a considerable delay before the problems are identified.

#### Tall structures

Organisations with a hierarchy made up of many levels of management are said to have tall organisational structures. However the greater number of links the further the information has to go when travelling up the hierarchy. This also means that there is a greater number of management levels which the decisions has to pass through before they achieve the effect. To avoid this Barclays tries to operate with the shortest possible chain of command. Information passes from each department and then to the non-executive Directors and through to the Executive Directors and eventually it is Matthew Barrett who implements the decisions after consultation within The Board.

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As well as dealing with people directly below them in the hierarchy, managers may also contact people further down the organisation. But managers must ensure that their subordinates do not feel threatened by passing the chain of command in this way because those immediately below management may gain the impression that those below them are reporting directly to senior management. Therefore this would be devaluing their responsibility.

### Flat structures

Organisations with only a few layers are known to have a flat structure. The whole company of Barclays adopts a tall structure, as there are many layers of management that eventually flow down to the bankers. However within Barclays on Market Street where I have been focusing on there is a flat structure. This is because there are only two departments operating in the building; Retail and Corporate banking. There are no management levels that operate within customer service or marketing and research. I have included a structure of the branch at Market Street to show how it is set out.

Looking at the structure at this particular branch you can see that the structure is flat in shape, and there are only five levels of command. The Area manager has a span of control over the Retail and Business Banking sectors. If there were more departments within the branch then they would operate over these as well. The area manager basically keeps check over a certain number of branches in the Bradford area but he does not make any major decisions for the branch. This is left to the managers of Business and Retail banking.

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## Concentric Structure

An organisation that has a concentric structure is quite different from the others. There is not a great chain of command but it is set out in the way that management is in the middle. This emphasises the communication within the business. Management is in the middle and looks to be involved in the businesses activities. It makes it easier for Directors to exert overall control and direction over the organisation instead of the many layers of command and this will make processes quicker. By providing extra support this encourages the departments to do their work faster. Motivation is the key word in this structure, as having the directors involved motivates the employees to do their work efficiently for people who help them and are involved with what they are doing. This can still make it hard for employees to communicate with the directors, but it is possible. Perhaps if an employee wishes to discuss a matter with the directors then it is done so by arranging a meeting. However, as with the other structures, this will probably be done through the supervisors.

I have looked into the different structures in which businesses adopt and now have a greater knowledge of how a business is built up. I have taken into account how Barclays runs and how the tasks are completed through the hierarchy but I can think of some improvements in which would be beneficial to the business.

Barclays PLC is a multinational financial organisation and involves thousands of people in its workforce. A hierarchical structure from the Board down to the front line is needed, as it is difficult to communicate so low-down the

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hierarchy. It is also in most cases not needed as that is what middle management is for.

However in the different departments of the business, everyone interacts with each other. Therefore I think it would be more beneficial if the hierarchy was not as strict. In these departments the management style should be more consultative than it is with the Board.

This is an example of the human resources structure within Barclays.

The power lies at the top where the responsibility is. Each level had authority over the level below them. Without authority the department would not function properly. Delegation often happens within the department. The human resource managers may have a task done by a supervisor, so they have delegated their powers down to the level below them. This structure is influenced by the autocratic management style, which is adopted throughout the business (as explained later). However, I think the management style within this department is not as strict as from the Board being autocratic with levels below them. Hierarchy is still an issue within the department, as there needs to be someone responsible for making sure everything is being completed and to the efficient standard. That is what the levels are for.

However this department works together and I think the structure should be more centralised so that the managers at the top are made to be more approachable and appear to help the department rather than to instruct it.

I have constructed a concentric structure below to how I think the department can be improved.

I think this structure will work more effectively in the department. The company secretary appears to be more approachable and at the centre of the department. The position seems to be more involved in the departments' duties rather than at the top where it seems the secretary is directing all the other positions.

In this structure it still shows that the company secretary has authority but it makes the positions seem more manageable. Communication seems to be more free flowing throughout the department.

### Centralised organisations

Organisations that are centralised are when a few people at the top of the organisation make the majority of the decisions – where the power lies. As you come down the organisational structure, the power and decision making delegates. There are many benefits of this type of decision-making. The Directors have an overall knowledge of the business and are aware of the external and internal influences that are to affect individual departments. Whereas if responsibility is given further down the organisation then they will probably place too much emphasis on departmental interests, rather than the business as a whole. Having the responsibility put on a few people will make the decision making process quicker, as there are not as many people to consult on which actions to take.

Centralisation maintains focus on important issues. But since the workforce further down the structure are not consulted, this will not motivate them to feel dedicated to achieving objectives in an organisation where they do not

feel valued. Whilst there may be a wide range of experience and knowledge where the power lays, the workforce are at the front line of the organisation and see what goes on everyday. They have more experience in dealing with customers, and some could very well have ideas that may be of use to the top of the organisation.

### Decentralisation

If the authority of decision-making is delegated down the line to managers or supervisors then this is said to be a decentralised organisation. This could be because there is a lot of responsibility and sharing it out will get the process done quicker. This will give many members of the workforce motivation, self-esteem and job satisfaction, as they are able to influence the decisions of others. This however makes others accountable for the decisions they make.

This type of structure may be because senior managers are unable to cope with all the decisions that have to be made. Having this type of style avoids any confusion and mistakes that may have been caused through passing through many layers of management. Managers in relatively junior positions are close to the action, often with first-hand experience of dealing with customers. They are often the first to identify problems and they have experience to know how new developments will affect their area of work. If information is passed has been passed back up a tall hierarchy, there could be a long delay before a decision is communicated back down to the manager involved. By this time, events may have moved on and the decision may no longer be appropriate.

## Management styles

Management styles refer to the approach that an organisation takes in setting objectives for its employees. The extent to which an organisation is willing to involve its workers in decision-making is a reflection of the culture of the organisation and its management style.

There are three main types of management styles:

Autocratic

Consultation

Democratic

Autocratic

The autocratic manager is the main decision maker. A manager that adopts this style takes entire responsibility for decisions and having set objectives and allocated tasks to employees. The employees are expected to carry out the set tasks exactly as specified. Employees are told exactly what, when and how work is to be carried out. This type of management does work well in a hierarchical organisation in which discipline is an important factor, such as the armed forces. In these situations power is focused at the top and there is little regard to needs of employees as they are not consulted or involved in decision-making.

Autocratic styles of management may be appropriate in several situations such as in a small organisation. In this case, the leader will be very keen and

is a position to get involved in day-to-day decisions. There are organisations that employ people who have little ambition. The workforce will not need to be skilled for their job, so motivation will not be essential. The manager will be the decision maker.

There are unpredictable markets that rapidly change, so it will be too time consuming to involve employees in decision-making. Decisions are made quickly and individual initiatives are inappropriate in a market that could change daily.

If the organisation is successful this will offer a high level of job security, so employees may respond well to an autocratic style of management and have confidence in the decisions made. The lack of consultation could be outweighed by their acceptable income. There would be no unpredictable changes by having this clear and consistent leadership style. Employees will know what to expect, where they stand and this will make their work straightforward with no changes to complicate it.

However, being controlled by a manager may cause some resentment and employees may seek opportunity to relax when unsupervised.

Autocratic management does not encourage teamwork and socialising, as there will be little reason to communicate. These points could produce demotivated workforces that just follow orders.

Democratic

A manager who adopts a democratic style of management involves employees in the decision making process, either by consulting them directly or through their representatives, making them feel part of the company. This helps to motivate the workforce and also ensure that they are well aware of the objectives of the business and will feel more obliged to work towards them. This approach reflects a corporate culture that is more human resource centred and recognises the organisational benefits from meeting its employees non-monetary needs such as job satisfaction.

This style of management means that managers need to be good communicators. It suits a flatter structure that has teamwork as an important factor, rather than a hierarchical structure that has many layers of structure to pass through.

There can be two types of management who adopts this democratic style. One in the consultative style where the manager genuinely consults the workforce in the decision making process and is influenced by their ideas. The other type of management usually already has made up their minds about the action to be taken. But involves the workforce anyway in order to motivate them and make them feel part of the decision-making.

A democratic style of management has many advantages as it motivates employees through job satisfaction and team spirit. It makes them feel valued if they are taking part in decision-making, and this will help the organisation to achieve its objectives.

The business can take full advantage of its human resources by using their skills and knowledge and experience.

There is more contact between managers and its workforce. They will be able to get to know each other and this could lead to them being able to work better together if they socialise. However, there are disadvantages to this type of management style. Consulting the workforce can be time consuming which will slow down decision-making, which could cause the problems to worsen and opportunities to fade.

If a manager lacks communication skills, then the workforce may not be fully aware of the situation at hand and the meeting may not seem genuine to the workforce. There are also times when socialising to produce a strong working team could backfire. Some people may not get along and conflict could arise and in the end could cause more problems than they will be solving.

### Consultative

This consultative leader often appears to be more democratic than they actually are. The manager informs its employees of impending changes and the changes that need to be made within the organisation. Employees are encouraged to voice their opinions on any subjects raised and management listens to all sides of any argument and to anyone who wishes to express an opinion. The leader then makes the final decision and employees do not actually share the power that management has.

This can work very well in an organisation as everyone is informed of events within the organisation before the final decision is made. People can then

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openly discuss their individual problems and no one will be punished for addressing adverse opinions. This means that the time that management spends with his/her employees will be more than with an autocratic style. Spending time with employees allows everyone to get to know each other, and therefore work better with people they know rather than strangers. The manager will be more aware of who is capable of what.

However this does not mean that the power is shared, and there could still be resentment within the organisation.

### Organisational culture

An organisational culture is reflected in the way that individuals in the organisation carry out their tasks. This is displayed in the attitudes of its staff and the ways in which they interact with other people such as customers, suppliers and colleagues. It is also shown by the way that decisions are taken and in the management style adopted. A culture will develop overtime in response to many factors. There are four main styles of culture:

- \* Role

- \* Task

- \* Power

- \* Person-oriented

Role culture – Employees are expected to behave conventionally. They are expected to follow rules. Role cultures are likely to be flourished in a stable and predicible environment.

Task culture – The focus is on solving problems where expert teams are assembled to tackle particular problems. Task cultures attach importance to expertise, flexibility and creativity.

Power culture – Places considerable emphasis on personal charisma and risk-taking. This type of culture is most common where an organisation is based on a central powerful person, who has an overview of the entire organisation.

Person-orientated culture – Focuses on fulfilling the needs of individuals within an organisation. It allows freedom to operate with independence. It is appropriate when employees are highly skilled and motivated.

C2

How does Barclays put management style and culture into place?

Corporate Governance is a system by which companies are managed and controlled. This is a topic of great importance within the Board of Barclays, who are committed to business integrity and professionalism in all its activities.

Executive directors generally have responsibility for making and implementing operational decisions. Barclays adopts an autocratic style of management throughout the organisation.

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The non-executive Directors support the skills and experience of the executive Directors, by approving strategy and policy based on their knowledge and experience of other businesses and sectors. The Board meets regularly and all discuss the issues, which in the end are then decided by the executive Directors.

All Directors have access to the advice of the Group Secretary and independent professional advice is also available to Directors in appropriate circumstances at the company's expense. This may appear to have a democratic structure as issues are discussed and evaluated within the team. However, this is where the decision-making is made and general members of staff working in the other functions of the business are not allowed to attend these meetings and therefore have no official say in the matter of decision making.

Within the Board of Barclays there are people with a wide range of expertise that can use their knowledge to make suitable decisions. For example, the Group Chief Executive Matthew Barrett is also a non-executive director of The Molsen Companies Limited, and The Chairman Sir Peter Middleton is also a non-executive Director of Boss PLC.

This gives The Board an advantage of having a wide range of experience. But it also means that they might be focusing on the other businesses they work for. Their full attention will not be focused on Barclays.

Having a democratic style of management gives employees a sense of belonging and value within the business. Barclays understands this, and

employees are given the chance to express themselves, adopting a little of the democratic style.

A democratic style of management understand the need for job satisfaction and Barclays understand that in great companies, motivated employees provide excellent service to satisfied customers – and all stakeholders benefit as a result. Barclays aims to be an 'employer of choice'.

While the Board is the place where important decisions are made, their employees who work in the branches are not involved in decision-making. This would be very time consuming and cost effective to overcome. Further to the point, the Board is large enough and has enough experience and knowledge to undertake the decision processing. This is a reassurance to the employees who can feel that their jobs are in the safe hands of experts.

However, Barclays does try to involve its employees in the success of Barclays. Employees are given the opportunity to share their views and provide feedback on issues that are important. A Group-wide process was put together to gather comprehensive management information, including focus groups, interviews and a survey sent to a sample of 10, 000 employees, seeking their views on current experiences and future priorities.

Within a democratic style of management, communication is essential to involve employees. Barclays has begun to develop a new way of communicating with employees. This begun with a series of Open Forums across the UK and abroad in which the Chief Executive Matthew Barrett shared information and sought views on a wide range of issues. Face-to-face

communication will continue to be the preferred way of communicating with employees but will be supported by the increasingly effective use of technology. I think this is a very appropriate way of communication as the employees of Barclays can build their awareness and express their views through conversation with the most powerful of the Executives, who can actually do something about it and so would no doubt listen to what they had to say. Using technology would allow the employees to keep in touch and keep interested in the issues.

Task culture very much flows throughout the organisation of Barclays, because there is a strict hierarchy and roles within the organisation.

Employees are not involved in decision-making, but their views recorded and analysed. Barclays tries to look after its employees. But they are expected to behave conventionally and to follow the rules. This culture is influenced by the economy and competitive climate in which Barclays falls. The unique level of competition particularly from new entrants is helping to redefine the modern usage of the word 'banking'. Customers have more diverse needs, ranging from those who welcome the immediacy of 24 hr electronic access to those who prefer personal face-to-face contact. The culture within the business is to work hard at changing with the times and involving technical advances.

The globalisation of Barclays also affects the culture of the business.

Barclays operates in the international market, and this encourages Barclays task culture as global markets comprise many different elements and require flexible and responsive organisational culture.

## Meeting objectives

The large reason Barclays is so successful is because of the continuous use of the culture and style of the business. An autocratic style makes sure everything gets done; with an organisation as large as Barclays an autocratic style of management is inevitable. With so many departments, duties and staff there lies great responsibility and an autocratic style of management ensures the experienced people at the top of the hierarchy make the right decisions. There is too much at stake for an employee to make important decisions, and discipline is strict for a hierarchical organisation like Barclays.

Ensuring the strategic aim of strengthening the world-leading position in the financial market is why task culture is adopted. The experienced people at the top of the hierarchy delegate duties and tell subordinates exactly what needs to be done in order to achieve strategic aims.

This culture and style in the organisation is very suited as there is not just one person making these decisions, there are several, all with experience in each department. Therefore trust can be given in making sure the right decisions are made in a market that is highly competitive.

E5

## Communication

Businesses need to communicate effectively - both internally and with outsiders such as customers and suppliers. Effective communication is essential if the business is to be successful.

There are a number of different channels of communication, which operate within Barclays and other organisations.

- \* Internal or external – with people inside or outside of Barclays
- \* Up and down and across the hierarchy at Barclays
- \* Formal and informal – an official method of communication or a message just heard from someone else.
- \* Open and restricted – everyone receiving the information or just a selected few.

#### Internal communication

Much of the communication that takes place within Barclays is designed for use within Barclays itself.

Such as:

- \* Confidential information such a payroll data or development plans
- \* Details of departmental meetings that are of no Interest to anyone outside of Barclays.

At the branch at Market Street in Bradford the internal communications that are carried out are usually by means of face-to-face contact, memos, internal telephone calls or internal e-mail. I would say these methods are quite reasonable. There are no major problems within the communicating at the branch and from what I have seen, staff seemed pleased to communicate in

this way. However, if relevant information is not given then problems can occur. Memos need to be addressed accordingly as it is unlikely that it will reach the receiver if not done accurately.

There is always a slight chance that e-mails are not sent due to technical difficulties, so I would say that e-mails are not a very efficient method to send important documentation. Or if used to do so, then a copy of the document would be essential to refrain from the document getting lost or damaged.

External communication

Efficient internal communications are Important but an organisation's external communications are vital. Especially for a company as large as Barclays.

Barclays communicates externally with:

- \* Customers and shareholders
- \* Suppliers of materials and business services
- \* Local, national and European authorities that deal with matters such as taxation, planning permission, environmental protection, competition law, investment grants, trading standards and health and safety.
- \* Pressure groups concerned with issues such as consumer protection, animal welfare, environmental matters and the welfare of low paid workers.



\* The media and the general public on matters that can either damage or enhance Barclays image.

It is extremely important that organisations maintain effective communications with their customers and Barclays invests heavily in market research and promotion to attract and keep customers.

Barclays understand the importance of providing easy access to company information, and their website allows customers access to this. There is also BarclayCall that is like a customer care telephone line where customers can ring up to enquire about anything.

Barclays produce reports such as Annual reports and Environmental and social reports and send them out to shareholders and interested customers. This helps their customers to keep in touch and to have knowledge about Barclays.

Formal

Formal channels of communication are necessary within Barclays when a disciplinary procedure is needed otherwise it may be ineffective. With tasks such as business informat