

CHAPTER ONE

GENERAL PRINCIPLES AND THEORIES OF ORGANIZATIONAL BEHAVIOUR

Organizational Behaviour is a field of study that investigates the impact that individuals, groups and structure have on the behaviour within the organization and the impacts of an organization's interactions with the external environment. Organizational behaviour is about how people act in organizations as individuals and as members of a group, both formal and informal. Organizational behaviour examines relationships within the organization and with external contacts.

1. Why do we study organizational Behaviour?

Organizational behaviour is the study of human behaviour attitudes and performance within an organizational setting, drawing on theory, methods and principles from different disciplines. Organization Behaviour study empowers an individual in the following ways:

- ❖ To learn about oneself and how to deal with others
- ❖ Organizations are increasingly expecting individuals to be able to work in teams and team work and team building are part of organizational behaviour.
- ❖ To equip managers with competencies they require to manage organizations effectively
- ❖ To be able to apply knowledge from the study of organization behaviour in improving organizational effectiveness
- ❖ To be exposed to environmental challenges in which business entities operate in
- ❖ To understand employee behaviour

- ❖ To understand the theoretical thoughts that *organizational behaviour* has evolved over time
- ❖ To understand the relationship between the organizations and their people
- ❖ To understand the factors that can enhance productivity
- ❖ Enhances manager competencies to manage people /employees better.
- ❖ Educates an employee on how to be effective and thrive within an organization i.e. self management.

2. Discuss the characteristics of an organization

An organization is a stable, formal, social structure that takes resources from the environment and processes them to produce outputs (products and services). Its characteristics are:-

- ❖ **Individuals:** It is made up of individuals with their unique needs and characteristics
- ❖ **Groups:** It involves people in groups(large or small)
- ❖ **Goal oriented:** It is formed for a specific goal and objective
- ❖ **Structured:** Through organization structures, it has a hierarchy
- ❖ **Corporate rule:** It has explicit rules and procedures which guides behaviour and how work should be carried out.
- ❖ **Individual tasks and responsibilities:** There is division of labour based on different factors.
- ❖ **Impacted by the environment:** An organization interacts with its environment and the factors in the external environment will have an impact on the organization e.g. political climate, global recession, labour industry dynamics etc.
- ❖ **Impacts the environment:** An organization can impact the environment through its products, services and behaviour.

3. Explain the disciplines that contribute to the study of Organizational Behaviour

Organizational behaviour is interdisciplinary function in that several disciplines contribute to its study. These disciplines are:

- ❖ **Sociology:** Sociologists are concerned with the study of social behaviour, relationships among social groups and societies; maintenance of order with its main focus in analysis of social structures and positions in those structures e.g. relationship between leaders and followers. Sociologist major areas of study includes: deviation and deviant behaviour, family bureaucracy, community relations, social mobility and social stratification. Sociology is an attempt to understand and explain the way individuals interact with each other and within the society. It is the study of society with a focus on social mobility, religion, law, deviance and social structures.
- ❖ **Social Psychology:** Psychologists are concerned with the study of human behaviour, focuses on the individual (personality, perception, attitudes, and motives) and membership of small social groups. This discipline focuses on an individual and tries to explain how an individual is influenced by others in their thoughts, feelings and general behaviour. Its emphasis is on social interactions.
- ❖ **Anthropology:** Anthropologists are more concerned with the science of human kind behaviour, culture of organizations and focuses on reconciling organizational needs and the needs of the individual. Anthropology is concerned about the origin of man, their physical traits, their behaviour and diversity that exists within different people. They are also interested on how changes in the environment have continued to influence the behaviour of people over time.

4. **Organizational behaviour is influenced by several factors. Discuss these factors showing their effects on organizations.**

- ❖ **The individual:** Organizations are made up of individual members. The individual is a central feature of organizational behaviour as an individual is a member of a group both formal and informal. An individual has personal needs and an organization has its needs too. Where the needs of the individual and the demands of the organization are incompatible, frustration and conflict can result. It is the task of management to integrate the individual and the organization and to provide a working environment which permits the satisfaction of individual needs as well as the attainment of organizational goals.
- ❖ **The groups:** Groups exist in organizations and are essential to their working and performance. The organization comprises of groups of people and almost everyone in an organization will be a member of one or more groups. Formal groups arise out of organizational performance needs. Informal groups arise from the social needs of people within the organization. People in groups influence each other in many ways. Group develops their hierarchies and management procedures. Group pressures can have major influences over the behaviour and performance of individual members.
- ❖ **The organization:** Individuals and groups interact within the structure of the formal organization. Structure is created by management to establish relationships between individuals and groups, to provide order and systems and to direct the efforts of the organization towards the identified goals. It is through the formal structure that employees carry out their organizational activities with clarity on who is responsible for what. Organizational behaviour is affected by patterns of organizational structure, technology (which is ever changing), styles of leadership, systems of management through which organizational processes are planned, directed and controlled, and interaction with external environment.

- ❖ **The environment:** The organization functions as part of the broader external environment of which it is a part. The environment affects the organization through:
 - a) **Technological and scientific development:** Technology changes rapidly and an organization has to redefine itself to adapt to the changes so that its products and services, procedures and standards do not become obsolete
 - b) **Economic activity:** The economic activity in the environment will have an effect on an organization e.g. interest rates, economic growth, inflation changes in the labor industry etc.
 - c) **Social and cultural influences:** Demographic factors such as language, culture, gender, population, etc.
 - d) **Government and Political actions:** The government regulations will have an impact on an organization based on business guidelines e.g. barriers to entry, concessions, taxes and their exemptions ,etc
 - e) **Legal guidelines:** New laws and regulations will have an impact on organizational behaviour as an organization has to adhere to the legal regulations set e.g. the new labour laws in Kenya that introduced paternity leave.
 - f) **Labour industry:** The dynamics of the labour industry will affect organizational behavior e.g. union activities, rare talent management, availability of competencies, etc

5. Discuss barriers to communication in organizations

Communication is the process where information is passed on from one person to another. Barriers to communication in organizations can be divided into:-

- ❖ **Personal Barriers:** Are communication interferences that arise from human emotions, values, and poor listening habits. Differences between people will always be there and for organizations that do not have a culture that appreciates diversity, these differences act as barriers.

- ❖ **Physical Barriers:** These are communication interferences that occur in the environment in which the communication take place. Examples are: distances between people, walls, or signals that interfere with radio messages.
- ❖ **Semantic barriers:** Language is very rich in the fact that words, symbols and expressions usually have different meanings and it is therefore very important that communication channels in an organization enhances clarity and precision.
- ❖ **Syntactical barriers:** Mistakes in grammar can disrupt communication, such as abrupt changes in verb tense during a sentence or differing sentence structures between different cultures. This is a common occurrence when cultural and tribal dialects interfere with pronunciation.
- ❖ **Cultural barriers:** Stereotypical assumptions can cause misunderstandings, such as unintentionally offending a Kikuyu by referring to them as lovers of money.

6. How can an organization's performance be measured?

An organization has a reason for its existence, its mission and how to fulfill that reason. Its vision in organization therefore plans and identifies how to fulfill its goal and implements these plans.

Organizational performance may be measured against the following parameters:

- ❖ **Innovativeness:** The drive to continuously improve all aspects of the organisation and its work; seeking improvements in efficiency and effectiveness; seeking new products, opportunities and markets; seeking new and better means of staff management, organization and development.
- ❖ **Creativity and innovation:** The drive for radically new activities and markets; the drive for radical new technology, its uses and applications; the drive for radically new means and methods of organization, staffing and management.

- ❖ **Crisis handling:** The methods of handling of emergencies, problems and challenges when they occur; the structuring of activities and resources to ensure that there is a balance between being able to meet crisis when they do happen or taking steps to ensure that these occur as infrequently as possible; the avoidance of crisis management (lurching from one emergency to another); the recognition and addressing of the likely and actual components of crisis in the given situation.
- ❖ **Strategic leadership:** Concerned with the organization, its purposes, goals and overall aims and objectives; the monitoring, review and evaluation of these and of the activities organized and structured in their pursuit.
- ❖ **Profitability:** The level to which the business entity makes profit. One of the main purposes of a business for a shareholder is to maximize profit
- ❖ **Growth in terms of market size:** The extent to which the customer base has grown
- ❖ **Customer satisfaction:** The extent to which customers are satisfied with the service and the company products
- ❖ **Levels of Corporate Citizenship Activities:** The activities that an organization participates in that contribute to the communities in which the organization is situated.
- ❖ **Employee Satisfaction:** The level to which employees are happy to work with the organization.
- ❖ **Image:** The view that both internal and external stakeholders have of the organization.
- ❖ **Compliance to regulatory frameworks** e.g legal, environmental, industry and government.

7. Discuss the ingredients of Organizational performance failure

There are several factors that will lead to poor performance of organizational operations. These are:

- ❖ **Poor planning:** This will lead to poor deployment of resources, lack of prioritizing short term and long term plans and results.
- ❖ **Performance management:** Insufficient attention to the quantifiable performance requirements of management and to the establishment of proper aims and objectives in managerial, administrative and support functions.
- ❖ **Flow of procedures:** Artificial constraints and deadlines, driven by budget systems and reporting relationships, requiring energy and resources to be used in non-productive and often counter-productive activities, rather than as a check on continuous performance.
- ❖ **Goal setting:** Setting unreasonable deadlines for the achievement of particular objectives. Goals that cannot be achieved tend to frustrate employees and the organization.
- ❖ **Lack of emphasis on customer needs:** Failure to recognize or appreciate changing customer needs.
- ❖ **Lack of emphasis on employee needs:** Employees need to be given an enabling environment to perform to their best ability. Their personal needs should be taken into consideration.
- ❖ **Lack of adequate resources:** Enough resources must be provided for work performance to be carried out.
- ❖ **Participating in illegal business practices:** This will lead to conflicts with the law of the land, with the police and could finally lead to business closure.
- ❖ **Failure to adhere to government regulations:** This will lead to penalty, being placed in bad government books and a possibility of closure.

8. Discuss systems theory and how it relates to an organization

A system is a collection of interrelated parts and components which form a whole. Systems theory looks at an organization as a system with subsystems. An organization is made up of many administrative and management functions,

products, groups and individuals. A system is either closed or open. Closed systems are those that are self-contained and self-sufficient, and do not require other interactions to make them work. Characteristics of a closed system are that it is isolated with no interaction with the environment and information is only enclosed on a need to know basis.

Open systems are those that require constant interaction with their environment to make them work. The characteristics of open system are that they have free flow of information, import and export materials from and to the environment and are permeable boundaries (materials can pass through).

An organization is a system with subsystem that is either formal or informal. Formal subsystems are devised and developed by the organization with specific purposes in mind and with the view that effective operations are dependent upon those that are put in place. Informal subsystems are devised by individuals and groups to facilitate their own place and well-being in the organization and fill those gaps left by the formal approach. Organization subsystems are critical to its survival. These are the main systems which are devised to ensure that the organization can pursue its core purposes successfully.

Viewing an organization therefore as a system:

- ❖ Recognizes the interdependence of employees
- ❖ Appreciates the interdependence of processes
- ❖ Recognizes the impact of environment on organizational structure and function
- ❖ Recognizes the effects of outside stakeholders on the organization.
- ❖ Focuses on environment and how changes can impact the organization.
- ❖ Seeks to explain synergy and interdependence.
- ❖ Broadens the theoretical lens for viewing organizational behaviour.

9. Define the relationship between an organization and the environment

As no organization exists in isolation from its environment, the nature and extent of the relationship and interactions must be considered. Organizations are subject to a variety of economic, legal, social and ethical pressures which they must be capable of accommodating if they are to operate effectively. The relationships between an organization and its environment are through the following factors:

- ❖ Technological and scientific development
- ❖ Economic activity
- ❖ Social and cultural influences
- ❖ Government actions
- ❖ Legal guidelines
- ❖ Labour industry

10. From your understanding of motivation theories, what employee need are brought out?

Motivation is an inner feeling within a person to pursue a certain identified goal. It is an influence on how a person behaves. Employee needs that stand out from the motivation theories are:-

- ❖ **The need for success:** People tend to aim their minds at what they know they can do or think they can do, or think that they may be able to do, so that success is forthcoming. Genuine successes, victories and triumphs enhance feelings of self-esteem and self-value; failures diminish these.
- ❖ **The need to be recognized and valued by others:** This is a combination of pursuing things that individuals know or perceive will be valued by those around them (as stated above) and also of seeking out those who will value the achievements for themselves.
- ❖ **The need to develop and improve:** This is a positive statement of need. If satisfaction is not forthcoming in one field, individuals are likely to lose interest and find something else to pursue. Self development includes developing new skills, capabilities and interests

with the view to pursuing personal potential as far as possible;

- ❖ **Need for respect:** Respect from peers and supervisors
- ❖ **Need for belonging / teamwork:** The need for love, affection, and a sense of belongingness in one's relationships with other persons.
- ❖ **Need for an opportunity to exploit one's talents (self actualization):** The need to fulfill oneself; to grow and use one's abilities to the fullest and most creative extent.
- ❖ **Need to be understood:** Every human being is unique and as a result thinks, perceives and evaluates situations different from other people and therefore the need to be understood and listened to despite the differences.
- ❖ **To be appreciated:** Every human being has a need to be noticed and their contributions commended eg. a supervisor noticing the good done by an employee and giving them a commendation letter.
- ❖ **To be paid commensurate to effort put in:** This is the expectation from employees to be given a salary that is equivalent to the efforts put into the performance of their jobs.

11. Organizations do not exist in isolation because, they operate within environments, thereby being influenced by the environment(s) and the organizations on their part also influence the environment". Discuss environment factors that can affect an organization

There are many factors that have an effect on an organization and these include:-

- ❖ Political climate and interference
- ❖ Technology
- ❖ Economic situation and status
- ❖ Culture of where the organization is situated
- ❖ Labour industry
- ❖ The industry in which the organization's core business is.
- ❖ Legal requirements

paperwork may become more important in its own right than as a means to an end.

- ❖ Initiative may be stifled.
- ❖ May encourage lack of flexibility and adaptability to change.
- ❖ Position a responsibility in the organization can lead to officious bureaucratic behaviour.
- ❖ May be a tendency to concealed administrative procedures from outsiders.
- ❖ Impersonal relations can lead to stereotyped behaviour and a lack of responsiveness to individual incidents or problems.

13. Discuss the application of Maslow's theory of needs to an organization

Abraham Maslow, a classical theorist gave five basic human needs which are in a hierarchy form and explained that higher needs will be fulfilled after lower level needs and that once a need has been met it ceases to be a need.

- ❖ **Basic Needs:** These are the needs that must be fulfilled for an individual to live: they must be met before a person can focus on any other aspect of their life. Employee basic needs include: rest periods, work breaks/ leave, lunch breaks, and wages / salary.
- ❖ **Safety needs:** The need for security, protection, and stability in the physical and interpersonal events of day-to-day life. Employee safety needs include: Job security (individual job security and company/ organizational survival), security at old age (Pensions), health security (Medical covers), security in case of injury or death in service (Life insurances), security in work performance (Freedom to perform, clear company policies, clear and organized work procedures , a stable, just and fair work environment)
- ❖ **Social needs:** The need for love, affection, and a sense of belongingness in one's relationships with other persons. Employee social needs include: belonging e.g. to a group/ team /work groups, need for social events and an environment supports family culture

- ❖ **Self esteem needs:** The need for personal worth, social recognition, and accountability. Self esteem needs include: recognition need (for a job well done), need for responsibility (managerial/ supervisory position), needs for respect (from colleagues and supervisors), need to achieve, (support to achieve, performance feedback), need for award (bonus, merit award schemes), need for good reputation (self and company image)
- ❖ **Self actualization needs:** The need to fulfill oneself; to grow and use one's abilities to the fullest and most creative extent. Employee self actualization needs include: need for personal growth beyond work, need to find meaning in work, need for opportunities for self-development and skills enhancement opportunities.

14. Discuss the factors that an organization will considered in making a decision on span of control policy

It is a management principle defining the number of people a manager can supervise effectively.

A span of control refers to the number of subordinates reporting to a manager or supervisor.

An organization has to take the following into consideration when making a decision on the span of control:

- ❖ **Management capability:** The ability of management to produce results with spans of a certain size
- ❖ **The ability of the employees:** The employee ability to produce results within these spans (in general, the greater the level of expertise held, the less direct supervision is required); the expectations of relative autonomy of the subordinates based on their level of expertise
- ❖ **Work itself:** The nature of the work itself, the similarity or diversity of the tasks and functions, its simplicity or complexity; the location of the work, whether it is concentrated in one place or it is geographically diverse, the extent of necessity and ability to coordinate the work of each group with all the others in the organization; to coordinate and harmonize the work

of the individuals in the group and to relate this again to the demands of the organization.

- ❖ **The organization's own perspective:** The extent to which it believes that close supervision, direct control and constant monitoring are necessary and desirable.
- ❖ **Time available for supervisor:** The higher in the hierarchy the more is spent on strategic issues and little time for supervision. The span of control therefore narrows at this level.
- ❖ **Communication systems:** the more effective the system the easier it is to manage a large span of control.
- ❖ **Control systems:** A work environment that has established control systems will facilitate a high span of control.
- ❖ **Physical location:** It is easier to manage when all the subordinates are within one location. In the case of one locality, the span of control is bigger but small for a dispersed type of placements.

15. Discuss the prerequisites that would ensure the success of an employee survey in an organization

A survey is a study that is carried out to determine certain expectations. An employee survey is a study or evaluation carried out to analyze and ascertain employee satisfaction levels. They are done either internally through the Human Resources department or through a consultant. Questionnaires are usually given to employees to fill and express their opinions and observations are also made and interviews held for both employees and managers.

Surveys are most likely to produce substantive benefits when the following conditions are met:

- ❖ Top management actively supports the survey.
- ❖ Employees are fully involved in planning the survey.
- ❖ A clear objective exists for conducting the survey.
- ❖ Management is capable of taking, and willing to take, follow-up action.

CHAPTER TWO

ORGANIZATIONAL DESIGN AND STRUCTURES

An organization must be organized in some way so that the business of the organization can be accomplished. This order is facilitated through organizational structures which are selected by organizations based on the best type of structure that will effectively deliver their mandate. Jobs must also be organized in some way so that the job holders are able to deliver them. This is done through job design.

37. Discuss the importance of organization structures in organization.

An organizational process and relationships must be logically organized to ensure that the organization vision is achieved. The way in which these are structured and organized is through an organization structure. The structure of an organization is defined as the sum total of the ways in which it divides its labor into distinct tasks and then achieves coordination among them.

Organizations are designed and structured in order to:

- ❖ Ensure efficiency and effectiveness of activities in accordance with the organization's stated strategy.
- ❖ Divide and allocate work, responsibility and authority (division of labor)
- ❖ Establish working relationships and operating mechanisms
- ❖ Establish patterns of management and supervision
- ❖ Establish the means by which work is to be controlled
- ❖ Establish the means of retaining experience, knowledge and expertise
- ❖ Indicate areas of responsibility, authority and accountability

- ❖ Meet the expectations of those involved
- ❖ Provide the basis of a fair and equitable reward system
- ❖ Facilitate order and harmony in organization
- ❖ Gives direction on resource utilization and is a system for coordination
- ❖ Enhances managerial control

38. What are the general factors affecting organizational structure?

There are many factors that affect organization structures drawn from the internal and external environment. These are:

- ❖ **The nature/core business of an organization:** The nature of tasks and responsibilities of the organization.
- ❖ **Technology and equipment:** The expertise, premises and environment needed to use it effectively; its maintenance; its useful life cycle; its replacement and the effect of new equipment on existing structures and work methods
- ❖ **The desired culture and style of the organization:** It affects the general approach to organization management; nature and spans of control; the attitudes and values that are established; reporting relationships between superiors and subordinates and across functions; staff relationships
- ❖ **The location of the organization:** Where the organization is based.
- ❖ **Spread:** The geographical spread of the different business units within an organization
- ❖ **Size:** The size of the organization in terms of resources and employees.

39. Discuss the different types of structures found in organisations

An organizational structure is the sum total of all the methods in which labour is divided and apportioned in the organization to enhance coordination and efficient work performance. There are different types of structures which include:

- ❖ **Function based:** This is the type where groups with similar tasks are grouped together. It works well for smaller and less complex organizations dealing with only one or a few products or services. Its advantages are: economies of scale with efficient use of resources, task assignments is consistent with technical training, high quality technical problem solving, in-depth training and skill development within functions, clear cut career paths within functions and simple type of structure to understand. Its disadvantages are: Poor communication and coordination across functions, having too many decisions referred upward in the hierarchy, members of functional departments can become overspecialized, develop self-centered, have narrow viewpoints, and lose the total system perspective.
- ❖ **Product based:** This is the type of structure where division of labor is based on the products and the services that an organization engages in, in terms of their similarities and differences. Advantages of this type of structure include: decentralized approach to decision making, groups together staff with similar experience and expertise thus making use of competencies in the organization, enhances the performance assessment of individual products and enhances strategy implementation. Its disadvantages are: product groups will be in competition and creation of synergy will be a challenge among the different product / service groups.
- ❖ **Geographical spread:** This is the type of structure where the organization is divided based on the locality of its different units. This type of structure is adopted by organizations whose business spans over a large geographical space. It is a decentralized kind of structure. Its advantages are: gives autonomy to regional managers, quickens decision making, and enhances efficient utilization of resources, facilitating decision making processes, facilitating ownership of the organization, enhancing responsibility, enhancing quick problem identification and enhancing quick problem solving. Its disadvantages are that possible lack of control from the centre or too much control

stifling the concept of decentralization, non uniformity of procedures and their implementation and misuse of power as far off from the centre.

- ❖ **Matrix:** This is the most complex type of structure since it requires both vertical and horizontal flows of authority and communication. They focus on project teams, bringing skilled individuals together from different parts of the organization. Individuals are made responsible both to their line manager and the project manager involved. Advantages include: there is more inter functional cooperation, the matrix provides a way of coordinating different functional contributions to serve specific program needs, flexibility, makes it easier to add, remove and change the focus of teams to reflect new program directions or basic changes in business size, improves strategic management and helps keep top managers free of routine decisions and more time to strategic management concerns. Disadvantages include: Specialists will have a challenge of having several bosses, project managers may require several specialists or shared specialists at the same time, possibility of high levels of work stress - conflict and ambiguity can increase feelings of stress, and team members may become too focused on themselves and develop "groupitis" losing sight of important goals.
- ❖ **Entrepreneurial Structure:** This is the type of structure that is suitable for an organization that is owned and managed by one person. Advantages of this type of structure are: quick decision-making, as power is centralized and timely response to environmental changes. Disadvantages are: there is excessive reliance on the owner-manager and may divert the attention of owner-manager to day-to-day operational matters and ignore strategic decision.

40. Differentiate tall and flat structures

There are several ways to categorize structures which include tall and flat

structures. Tall structures are those that have many levels of management thereby, tall hierarchy and a flat structure has few levels of hierarchy. The differences between tall and flat structures are:

- ❖ **Levels / ranks:** Tall structures have many different levels whereas flat structures have fewer different levels.
- ❖ **Distance between top and bottom:** Tall structures have a long hierarchical and psychological distance between top and bottom whereas flat structures have a short one
- ❖ **Reporting relationships:** Tall structures have complex reporting relationships which then extends to other employee regulations e.g. promotion, career paths, the flat organizations tend to be simpler and more direct
- ❖ **Span of control:** Tall structures tend to have a small span of control whereas for flatter organizations it tends to be large.
- ❖ **Proportion of employees with supervisory responsibility:** Taller structures tend to be large but smaller for flatter organizations.
- ❖ **Communication clarity:** There is a reduced likelihood of distortion and barriers to communications in a flat structure than in a tall one simply because there are fewer channels of messages to pass through.
- ❖ **Cost:** Taller structures are very expensive to maintain.
- ❖ **Team work:** Tall structures encourages silos, flatter ones encourage team work
- ❖ **Duplication of duties and responsibilities:** There is a high tendency for duplication of duties and responsibilities in a flat structure.

41. Differentiate Centralized and decentralized organizations

Authority is said to be centralized when only managers at the top of an organization can make important decisions and little authority is delegated to the lower levels. This structure is suitable for the organizations that are engaged

in high risk decision making procedures, whose lower level staff are not highly skilled in decision making e.g. security firms and in the production process routine and efficiency is primary concern e.g. printing press

Authority is said to be decentralized where decision authority is pushed downwards to lower levels of organization. Characteristics of decentralized organizations are: it has relatively few formal rules, coordination and control are usually informal and personal, focus on increasing flow of communication and it adapts and recognizes changes in the external environment.

The differences between centralized and decentralized organizations are:

- ❖ **Controls:** Tight controls for centralized organization as compared to decentralized organizations. The role of the centre in a centralized system is to manage all the operational functions of the organization whereas in a decentralized system is to monitor and evaluate progress and to concern itself with strategic rather than operational issues.
- ❖ **Management influence:** The great advantage of centralization is that top managers remain fully aware of the operational as well as strategic issues and concerns.
- ❖ **Autonomy:** Centralized organization gives minimal autonomy to its units as compared to a decentralized system.
- ❖ **Delegation:** Evident in decentralized more than in centralized organization.

42. Discuss the advantages of decentralization.

Authority is said to be centralized when only managers at the top of an organization can make important decisions and little authority is delegated to the lower levels. This structure is suitable for the organizations that are engaged in high risk decision making procedures, whose lower level staff are not highly skilled in decision making e.g. security firms and in the production process routine and efficiency is primary concern e.g. printing press

Authority is said to be decentralized where decision authority is pushed

55. Discuss the importance of organizational design

Organizational design is the process by which managers select and manage aspects of structure and culture so that an organization can control the activities necessary to achieve its goals. The importance of doing this is:

- ❖ Give the organization a competitive advantage.
- ❖ Help the organization deal with contingencies.
- ❖ Increase the organization's ability to manage diversity.
- ❖ Increase the organization's efficiency.
- ❖ Increase the organization's ability to generate new products and services.
- ❖ Give the organization more control over the environment.
- ❖ Allow the organization to better coordinate and motivate employees.
- ❖ Help the organization to develop and implement its strategy.

56. Define open plan type of office set up indicating its merits

It is a type of work design. It is the office set up where offices have no walls and employees use work stations as opposed to individual walled offices. The benefits of an open plan type of office arrangement are:

- ❖ Enhanced employee interaction: Improves feedback/response time.
- ❖ Enhances transparency
- ❖ Possibility of enhanced shared services
- ❖ Enhanced work performance
- ❖ Maximizes office space
- ❖ Enhances resources utilization
- ❖ Simplifies supervision: Managers and supervisors are in constant contact with the staff.
- ❖ Saves operational time
- ❖ Enhances team relationships
- ❖ Enhances family culture

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The advantages of decentralization are as set out below.

- ❖ **Speed:** The speeding up of operational decisions enables these to be taken at the point at which they are required, rather than having to refer every matter back to head office
- ❖ **Manager Empowerment:** Empowers unit managers to develop initiatives that will ensure performance at the unit levels and in relation to the conditions and the environment in which they perform in as compared to the whole organization.
- ❖ **Staff development:** It contributes to organization and staff development through ensuring that problems and issues are dealt with at the point at which they arise. This helps and enables organizations to identify and develop potential for the future.
- ❖ **Employee motivation:** Contributes to staff motivation and morale. The exercising of responsibility and authority, and the opportunities for development, are more likely to filter through to all staff levels in a decentralized organization.
- ❖ **Structure formation:** It enables organizations to get their structures and systems right. Reporting relationships between functions and the centre still have to be designed for effectiveness; activities have to be planned and coordinated.
- ❖ **Equitable treatment:** Consistency of treatment for both staff and customers has to be ensured across all functions and locations. However great the level of autonomy afforded to departments, divisions and functions, they have still to be contributing to the greater good of the whole organization.
- ❖ **Skills strength audit:** It encourages organizations to continually assess the well of talent, its strength and depth. It is also essential in the identification and development of professional and other forms of expertise.

- ❖ **Ethical issues management:** A decentralized structure may be able to avoid ethical dilemma because employees are empowered, are encouraged to take ownership of processes and procedures and decisions may be tailored to follow a certain defined pattern which are lawful and ethical.
- ❖ **Strategic management:** It gives the Head Quarters the opportunity to think strategically as the time they would have spent in administration is saved.

4.3. Enumerate the Disadvantages of decentralization.

Decentralization has disadvantages outlined as:

- ❖ **Communication challenges:** The head office is likely to be physically distant from the main areas of operations, and this brings problems of communications systems and reporting relationships.
- ❖ **Conflict potentiality:** There is the problem of psychological distance and remoteness. This occurs when the head office itself becomes a complex and sophisticated entity. This often leads to conflict between personal and organizational objectives, infighting, and concentrations of resources on head office functions rather than operational effectiveness.
- ❖ **Loss of control from the centre:** Sometimes the head office becomes so remote that it loses any understanding of the reality of activities on the ground.
- ❖ **Non uniformity:** Each unit could develop its own systems and procedures different from the centre and from each other unit in the organization.
- ❖ **Ethical issues management:** A decentralized organization may have ethical issues arise in the following areas;
 - a) **Blame shifting:** People may try to shift responsibility to others because they do not want to own up to their own wrong doing.
 - b) **Unethical behaviour:** because of the narrowness of focus, employees may not understand how their actions can affect the overall organization because each unit works independent of the other e.g. procurement rules.

- c) **Top down approach**; the distance between employees and the decision makers is great and employees can take cover in this.
- d) **Bureaucracy**; employees may take shortcuts to meet their targets.

44. What are the factors considered in making a decision for centralization or decentralization?

Authority is said to be centralized when only managers at the top of an organization can make important decisions and little authority is delegated to the lower levels. This structure is suitable for the organizations that are engaged in high risk decision making procedures, whose lower level staff are not highly skilled in decision making e.g. security firms and in the production process routine and efficiency is primary concern e.g. printing press

Authority is said to be decentralized where decision authority is pushed downwards to lower levels of organization. Characteristics of a decentralized organization are; it has relatively few formal rules, coordination and control are usually informal and personal, focus on increasing flow of communication and it adapts and recognizes changes in the external environment.

The factors to consider in making decisions for centralization and decentralization include:

- ❖ **Core business**: The business of the organization and the strategies to drive the business and how effectively its units will bear the best results expected
- ❖ **Geographical spread**: How far from each other the units are based and the level of control that can be accorded from the centre
- ❖ **Level of technology** used by the organization
- ❖ **Business Environment**: Greater change and uncertainty in the environment are usually associated with decentralization
- ❖ **Organization's strategy**: e.g. market driven, initiative driven, military driven etc
- ❖ **Challenges faced at each point of organizational life** e.g. during crisis, centralized works in controlling costs

- ❖ **Size:** The size of the organization will determine whether all should be run from the centre.
- ❖ **Tasks:** The basic activities that are required to achieve organizational aims and goals
- ❖ **Risks involved:** The higher the risks the higher the need for centralization and vice versa.

45. Discuss the problems of hierarchies in an organization.

Spans of control in organizations create hierarchies which reflect the level, quality and expertise of those involved and also the degree of supervision and responsibility of those in particular positions. Hierarchies have the major function of creating order in an organization with clarity of tasks and responsibilities. It also acts as the means of coordinating and integrating the activities of departments, divisions, group, functions and individuals that have been separated out for the purposes of efficient and effective working. However, hierarchies can create the following problems in an organization:

- ❖ **Problems of division:** The challenge of reconciling the need to divide and allocate work efficiently and effectively with the creation of blockages and barriers that the process of division tends to create.
- ❖ **Career paths:** These may be blocked by long-serving officials in particular jobs; or it may create vacancies which are either filled by people who do not yet have the required expertise or, where this is recognized by the organization, they are filled by outsiders.
- ❖ **Compartmentalization:** Units and divisions tend to pursue their own aims and objectives as part of the process of competing for resources, prestige and status within the organization rather than pursue the overall purpose.
- ❖ **Ownership and Responsibility:** Where specific responsibilities are not clear, tasks may not get done because nobody knows quite whose responsibility the matter in question is, or everyone involved may think that it is somebody else's area of operation.

low on specialization with minimal divisional boundaries and work is carried out based on strategic direction.

- ❖ **Response to change:** Organic structures are enabled to respond quickly to environmental change due to their culture of creativity, adaptability and innovation. Mechanistic structures lack this and therefore have very low response rate to environmental changes.

51. Discuss the common characteristics of a successful organizational structure.

A successful organizational structure is one that is able to deliver strategy. This kind of a structure will have the following characteristics:

- ❖ **Decentralized type of reporting:** This is where employees are empowered to make decisions.
- ❖ **Flat hierarchy:** Where there are not too many levels of activity which can delay decision making and affect the flow of communication.
- ❖ **High levels of transparency:** This will ensure high ethical values and a culture of fairness and equitable treatment to all.
- ❖ **Flexible:** A structure that is able to adapt to the changes in the environment.

52. Enumerate the factors that would be taken into consideration when designing a service organization vis-a-vis product organization.

A service organization would have its core focus on the customer whereas a product organization would have its core focus on the product. This core focus will influence all the planning, resourcing, controlling and staffing functions of the different units. The factors that will guide the design of these two types of organization are:

- ❖ **Roles:** Separate boundary roles which for a service organization will be few but many for a product organization.
- ❖ **Geographical spread:** For a service organization, there is expectation that it will be widespread whereas a product organization will be concentrated.