**3(a) Strategy and Change**

Strategy is a plan of actions established by the top management that spelt out the business of the organisation and what the organisation aspires to achieve. Planned strategies can exist in five forms:

1. As a general strategy such as “to become number one in the business….”.
2. As a specific strategy such as specific steps are developed to become better than the competitors in the business or to gain competitive advantage.
3. As an emergent strategy where the planned strategy is subjected to change to respond to changes in the environment or situations over time.
4. As a strategy in term of its positioning in relation to its environment such as according to the perception of the consumers (market) and/or in relation to the competitors. This is referred to as “strategic positioning” of the business.
5. Strategy as a perspective which represents the shared values and belief system (culture) or “mindset” of the organisation. These are usually expressed in the actions and behaviours of the organisation over time.

Traditionally strategy has been planned in a step by step process and the strategy evolved in this way is known as the planned strategy. This planned strategy is developed to match the opportunity and threat exist in the environment at the time of planning of the strategy.

However, with the passing of time, the external environmental conditions change i.e., dynamic in nature. The planned strategy may no longer march the conditions in the external i.e., the planned strategy no longer ‘ft’ the environment. If the business does not change its strategy, then it may lose out in its business. As a consequence, business has to make changes to the planned strategy. The new strategy that emerges becomes the realised strategy or the emergent strategy.

Organisational effectiveness versus strategy

**3(b): Organisational Strategy, Structure and Change**

Before we move on to examine organisational structure and change, we look at the concept of strategy and environment fit.

**Strategy and Change**

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**Organisational effectiveness versus strategy**

Organisational effectiveness refers to the ability of the organisation to perform differently from those of its competitors in order to attain competitive advantage. This means that the organisation must have the necessary core competencies, intellectual capital and resources to be t\better than the competitors and to achieve a profit higher than the average of the industry in \which it is in. It is able to produce superior products or services that competitors cannot substitute or copy.

Therefore strategy cannot be just a static piece of plan, it must develop as the organisation faces with changes in the environment in a process known as logical incrementalism (i.e. organisation must learn by doing). This implies that strategy making cannot just rely on a rigid asset of predetermined routines but must be dynamic, creative, opportunistic, flexible and adaptive to deal with unknowable events, to redeploy and concentrate resources as new opportunities and trusts emerge and to use resources most effectively6 toward selected goals (Quinn, 1993).

It is apparent that organisational effectiveness is dependent on its strategy.

**Defining Strategic Thinking**

Today strategy must focus on continual adaptation and improvement and constantly shifting and evolving in ways that surprise and confound the competition. It must move form a competition-based focus to a value-innovation focus that invests in building the ‘dynamic capabilities’ of the organisation by developing and integrating its knowledge, skills and resources (i.e. the intellectual capital). This is to ensure that it is always better than its competitors.

Strategic thinking has been described as the ability to:

* see external opportunities and integrate these into the business
* think laterally and intuitively
* deal with novelty and ambiguity, interpret and evaluate events and data and determine what action needs to be taken
* transfer and diffuse knowledge information
* build multiple, simultaneous alternatives; working with a greater range of options than their more caution, slow response counterparts would think to be feasible.

These five strategic thinking capabilities are necessary for developing flexible, creative and innovative strategies.

**The Meaning of Organisation Structure**

Organisations are said to be social systems in the sense that the works are done by grouping of individuals and the activities they do are arranged into divisions or sections. Therefore for an organisation to achieve its goals, it has to divide work so that it can be passed to members in the organisation for its execution. The people will manage and do the work according to the structure established so that chaos will not occur. An organisation structure therefore allocates the responsibility, group activities and the coordination and control of the people and their activities. It is in the real sense a social structuring of people and processes.

Wilson and Rosenfield (1990) offer the following definition of organisation structure:

It is “*the established pattern of relationships between the component parts of an organisation, outlining both communication, control and authority patterns. Structure distinguishes the parts of an organisation and delineates the relationship between the*m.”

Bartol and Martin (1994) include the additional element of “designed by management” in their definition of structure: “*The formal pattern of interactions and coordination designed by management to link the tasks of individuals and groups in achieving organisational goals.”*

Putting these two definitions of organisational structure gives a sense of the objectives which any structure must serve i.e. meeting the goals of the organisation as well as the process through which these objectives can be met.

Both Bartol and Martin emphasized “individuals and groups”. The word “formal” used by Bartol and Martin denotes that the organisational structures are typically created by management for specific purposes.

In one way organisation structure can be defined from the way that particular organisation functions. But it is certain that the life of an organisation is not really that neat as this. Thus organisation structures cannot be so objective as if it can be fixed to some organisation chart or description of formal power and status relationships between individuals and groups. Organisation structures are subject to change.

On the other hand, organisations also have “informal structures”. These are not designed by the management and not the goals of organisations. They are the outcome of friendship and interest groupings as well as those, which serve political purposes.

Summarising the definition of organisation’s structure:

After the top management has established the strategic plans for the organisation and having set the necessary strategies, it will look for the people to implement these strategies. The people are grouped according to their activities and then arranged into departments or divisions. This form of separation allows for proper allocation responsibility, coordination and control so that the objectives (goals) of the organisation will be achieved. This is in fact a deliberate design of the structure of the organisation by the management so rightly pointed by Bartol and Martin (1994).

However the form of organisation structure so designed must allow the organisation (1) to achieve its goals and (2) to be able to respond to the need of organisational change as the circumstances in the environments so demand. Therefore it is not whether one form of structure is better than another.

In addition to this “formal structure” in an organisation, an” informal structure” coexists with this formal structure in the hidden part of the organisation. This informal structure is developed from the close friendship and interest groupings of the people in the organisation and whose purpose may not be related to the organisation’s goals.

**The Dimensions of Structure**

The structure of an organisation is based on a multi-dimensional concept and that many structures are possible. Theoretically it is possible to have limitless number of structure. However, some structures are more appropriate to some types of organisational situations than others.

The dimensions of organisational structure according to Pugh, Hickson, Hinings & Turner & Child are:

1. Specialization: specialist roles.
2. Standardization: procedures – rules and regulations.
3. Formalization: written rules, procedures, instructions & communication.
4. Centralization: authority.
5. Configuration: wide and height of structure.
6. Traditionalism: the way things are done around this organisation, unwritten procedures or norms.
7. The way sections, departments, divisions and other units are grouped.
8. Systems for communication, integration of effort and participation.
9. Systems for monitoring employees, performance appraisal and reward.

Models (Types) of Structure

1. Best known is the bureaucratic structure of Max Weber:

* specialization –jobs or roles highly specialized
* hierarchical arrangement of positions or authority
* system of impersonal rules – perform duties impersonally
* impersonal relationships – follow the rules or procedures or records

Highly specialization, standardization, formalization and centralization (Pugh et al)

2. **Tall and flat bureaucracies**:

Depends on:

Two rules of thumb:

1. Similarity of jobs – wide span of control.
2. Decentralization in decision-making – broader span of control

Other factors affecting the span of control:

1. Geographical spread or location of subordinates, abilities of subordinate staff and the ability and personal qualities of manager affect span of control.
2. Work performed by subordinates is stable and routine.
3. Subordinates are concentrated in a single location.
4. Subordinates are highly trained and need little supervision or direction in performing tasks.
5. Rules and procedures defining task activities are available.
6. Support systems and personnel are available for the manager
7. Little time is required in non-supervisory activities such as coordination with other departments or planning.
8. Manager’s personal preferences and styles favour a large span.

***Number of Level***

Peter Drucker: as few as possible – better understanding of objectives and communication both up and down the hierarchy.

How to determine number of levels

Elliot Jacques: look for the target completion time of the most complex task in a Job. He called it “the time span of discretion”.

If it takes a manager to plan the objective to be achieved in 5 years, then he has a time-span of discretion of 5 years.

If a person is mixing concrete, then the result of the concrete mix will be known in a few hours, i.e. it has a time-span of discretion of a few hours or within days. But the result of devising strategy by the manager may only be known in a few years e.g. 5 years, if it is a 5 year strategy plan. Therefore the time span of discretion is 5 years for a manager while that of a labourer is no more than the time it takes to check whether the concrete mix is right or not.

*Elliot Jaques and the time-span of discretion*

Time-span Stratum

20 yrs Str. 7

10 yrs Str. 6

5 yrs Str. 5

2 yrs Str. 4

1 yrs Str . 3

3 months Str 2

Str. 1

If time –span of 3 years, a stratum 4 institution is expected. If bottom work role is above the 3 month time-span - say 6 months, then the institution will require only 3 levels of work organisation i.e. Str. 4, an intermediate Str. 3 and the bottom professional Str. 2.

***Horizontal Differentiation – Departmentalization of Work***

Departmentalization by functions, product/service, and location:

By function –

Advantages:

* Each function has its high-level representative to guard its interests.
* Tight control is possible at the top.
* It encourages the development of specialist skills and expertise and provides a career

structure within the function.

* Training can be organised easily along specialist lines.
* It can enhance the development of technical skills for competitive advantage.

Disadvantages:

* As organisations become large, the function structure becomes disadvantage.
* Delays occur as one function waits for another to complete its work and coordination

across functions become difficult in large organisations.

* Encourages narrowness of viewpoints and works against development of innovation.
* Limits the development of general managers.

Contingency factors:

* stable and certain environment
* small to medium size
* routine technology, interdependence with functions
* goals of efficiency and technical quality.

By product or service:

Advantages:

* Maximising the use of employees’ skills and specialized knowledge.
* Staff are able to become more specialised.
* More opportunity for innovative ideas for new or modified products to flourish.
* Possible for differentiated products to be made available to serve more customer groups.
* Offers good opportunities for the training of general managers.

Disadvantages:

* Possible overlap of functions
* Duplication of central service and other staff activities.
* Administration cost tend to be high
* Top management may have more difficulty in controlling what happens at the product divisional level.
* Coordinating policy and practice across product areas can be complex.

By location:

Advantages:

* Being close to the conditions in the location and can offer the opportunity to coordinate activities in the area/region.
* Employment of local staff can reduced the transportation cost and to know the conditions prevailing in the region.
* The labour cost may be lower. ‘
* Structures based on geography provide good training grounds for general managers.

Disadvantages:

* The more geographically differentiated the structure the more the requirement for managerial and administration.
* The duplication of services can be a problem. It may be difficult to recruit the skills required.
* Cultural differences may create problems
* The people in the location may not have the level of general education deemed sufficient for the purposes of the work they would have to do.

**Matrix Organisation**

A matrix structure is basically a structure made up of a set of departments or divisions that is superimposed horizontally across a traditional hierarchically organised structure. The vertical lines can be functional departments or divisions of the organisation (marketing, human resource, production or research and development) and the horizontal lines are made of products, customers or geographical areas/regions (products, customers, regions).

This gives rise to two chains of command, one vertical and one horizontal and they operate at the same time.

A matrix structure of an advertising agency is shown below:

Head of an Advertising Agency

Functional Groupings

Marketing Finance Personnel Operations

Government

Customer Education

Groupings

Private

Matrix structure for an advertising agency

The above matrix structure shows the heads of marketing, finance, personnel and research & development (operations) form the vertical lines of reporting while the different customer bases represent the divisions which operate horizontally across the structure.

According to Greiner (1972) organisations move to a matrix form of structure when they faced a ‘crisis of red tape’ brought about as they mature in the ‘coordination’ phase of the organisational life cycle. This happened when staff begins to resist the centralised control systems imposed on decentralised product/customer or geographical groupings. This normally happened when organisations become too large and complex to be managed through formal programmes and bureaucratic paper systems. A move to a matrix structure emphasizes interpersonal collaboration in an attempt to overcome the red tape crisis.

Davis and Lawrence (1977) and Bartol & Martin (194) maintained that organisations ultimately adopted a matrix structure usually go through four stages of development:

1. As a traditional structure, usually a functional structure which follows the unity-of- command principle.
2. A temporary overlay such as a temporary project team is created to supervise the development of a project or to solve an issue. The members of the team are from different departments based on their experience, skills and know-how and they are there for a particular time as when and where they are needed. Once the project is completed they will return to their former positions in the departments.
3. A permanent overlay in which the managerial integrators operate on a permanent basis (e.g. a brand manager coordinates issues related to a brand on an ongoing basis) often through permanent interdepartmental teams.
4. Is a mature matrix, in which matrix bosses have equal power.

The success of a matrix structure depends heavily on team work for its success, with managers needing high-level behavioural and people management skills. The focus is solving problems through team work. In a mature matrix structure, team members are managed simultaneously by two different managers - one is their functional line manager and the other the team or project leader. This type of organisational arrangement, therefore, requires a culture of cooperation, with supporting training programmes to help staff develop their teamworking and conflict-resolution skills.

Wilson and Rosenfeld (191) say it is usually not worth investing in a matrix structure unless the tasks to be performed are complex, unpredictable and highly interdependent. An example is the implementation of a transnational strategy where a matrix structure is established to support this strategy.

Advantages and Disadvantages of Matrix Structures

|  |  |
| --- | --- |
| Advantages | Disadvantages |
| * Decision making is decentralised * Facilitates speed of operation and decision making * Cross-functional teams be formed and reformed according to priorities and needs. * Organisation members of different departments have the opportunity to work with and learn from each other. * Allows for flexible use of Res and the efficient use of support systems. | * Complex and add a layer of project managers, can be administratively expensive. * Can create confusion as to who is ultimately responsible for staff and project outcomes when things go wrong e.g. conflict occurred. * The existence of two managers can increase the potential of conflict. * Making of decision can be time consuming. |

There are organisations that have gone beyond the matrix structure to those known as “loosely coupled networks’ (Morgan, 1989) and which are generally known as the “network organisations” (Snow, Miles and Coleman, 1992).

Network Organisations

Over the years, rigid bureaucratic organisations have changed to ‘loosely coupled or organic networks’.

Examples of network organisations are given in Figure 3.6.

Model 1: The Rigid Bureaucracy Model 2: The Bureaucracy with a senior

management team

Model 3: The Bureaucracy with Project Teams

and Task Forces

Model 4: The Matrix Organisation

Model 5: The Project Organisation

Model 6: The Loosely-coupled

Organic Network

Of interest of the six models of structural design are the ‘project organisation’ and the ‘loosely coupled organic network’.

According to Morgan the project organisation carries out most of its activities through project teams. Although there are still functional departments, they are there to play a supporting role. The main work of the organisation is done wholly through the work of teams that rely for their success on being ‘dynamic, innovative, powerful and exciting’ and to which senior management tries to give free rein within what has been defined as the strategic direction of the organisation. There regular exchange of information between the team leaders and the senior management group.

The project organisation has overlapping characteristics with what Mintzberg (1983, p.262) calls ‘The Adhocracy’. The adhocracy is an adhoc group of people (mainly professionals) who are brought together for a single purpose associated with a particular project. Once the project is completed, the team will disband. The shape of the organisation is flat but with horizontal differentiation generally high because adhocracies are staffed mainly by professionals, each with his/her own specialism.

The loosely coupled organic network is at the extreme end of the continuum of organisational forms opposite the rigid bureaucracy. This network is a form of structure that operates in a subcontracting mode. The small number of permanent staff set the strategic direction and provide the necessary operational support to sustain the network. However, while project teams and adhocracies have limited lives, the loosely coupled network can be a permanent structure.

There are three common types of network:

1. internal network
2. Vertical network
3. dynamic, loosely coupled network

1. Internal network - where an organisation owns most or all of the assets associated with its business. It usually creates ‘businesses within the business’ that operate independently in terms of the discipline of the market. In this way, the businesses are subjected to market forces and as a consequence, they have to constantly seeking innovations in order to improve performance. They sell their outputs to buyers outside the organisation to which they belong.

A typical example is the training and development unit that on the one hand ‘sells’ its services to its parent organisation and on the other, seeks to sell its services to other organisations. The internal network is similar to Morgan’s description of a project organisation.

2. The vertical network - where the assets are owned by several firms but are dedicated to a particular business (called the core firm). The core organisation spreads asset ownership and risk across a number of other independent organisations and, additionally, gains the benefits of dependability of supply and /or distribution. The distributors can be franchisees. Toyota in Japan could be perceived as the core firm within a stable network of organisations. Toyota has some 220 primary subcontractors, of which 80% had plants within the production complex surrounding Toyota in Toyota City.

3. Dynamic, loosely coupled networks - according to Snow et al (1992), the dynamic loosely coupled network organisation is the one that has ‘pushed the network form to the apparent limit of its capabilities. This form operates with a lead firm (sometimes called server, broker or network driver) that identifies and assembles assets which are owned by other companies. The lead firm may, itself, provide a core skill such as manufacturing or design. In some cases the lead firm may act as broker. For example in TFW Images, a communications and image design organisation where the lead firm provides the core skill of design and ‘brokers’ other activities such as photography and illustration, printing, translations into other languages and marketing.

The dynamic networks cannot operate effectively if they are not in effective communication with their ‘parts’. They need to have fast and effective information technology links to the other organisations with which they associate.

**The virtual Organisation** (Davidow & Malone, 1992)

A temporary network of companies that come together quickly to exploit fast- changing opportunities. It differs from the traditional mergers and acquisitions, the partners in the virtue organisation share cost, skills and access to international markets. Each partner contributes to the virtual organisation ‘what it is best at’.

Key attributes of such an organisation:

1. Technology - information networks to link up with each other from start to finish.
2. Opportunism - like opportunists work together as and when necessary and when the need evaporates, they disband.
3. No borders - cooperate with competitors, suppliers and customers closely.
4. Trust - rely very greatly on trust than ever before because they share a sense of ‘co-destiny’.
5. Excellence - each partner contributes its best in their respective areas of specialty, they create ‘a best of everything’. Every function and process is world class but as a single company it cannot be possible.

Distributor Distributor

Distributors

Producers

Server/Broker Core firm

Marketers Suppliers

Supplier Supplier

R & D

Vertical network

Internal network

Distributors Producers

Server/broker/network driver

Marketers Suppliers

R & D

Dynamic, loosely coupled network

Note:

The moving away from classical ways of organising may not suit every organisational situation. The main issue for organisations is not whether; one form of structure is any better than another. It is whether the structure currently adopted is one that is able to facilitate the achievement of the organisation’s purpose and respond to the need for organisational change in the particular environmental circumstances prevailing for particular organisations.

**Influences on Structure**

**Stability/turbulence of**

**PEST**

**environment**

**Strategy Culture**

**Technology Creativity STRUCTURE**

**Size Politics**

**Leadership**

**The determinants of organisational structure**

The way an organisation is structured is closely linked to many factors as shown in the diagram above. One of the most important links is the relationship between strategy and structure. The organisation changes its strategy to respond to political, economic, technological and socio-cultural changes in the external environment, its structure also changes in order to maintain the strategy-structure fit.

On the other hand, the organisation’s own technology usage such as the information technology will affect the way in which it is structured; particularly for effective and efficient flow of information among the departments or divisions, for decision-making. Furthermore as the organisation grows larger the structure is likely to change in order to bring about coordination and collaboration.

Other intangible factors that influence structural changes in the organisation are the culture and politics of the organisation. The diagram above shows that the culture, politics, leadership and creativity as the mediating variables influencing the development of an organisation’s structure.

Therefore the development of an organisation’s structure is not as simple as is assumed. There are the tangible and intangible factors that are responsible for development of an effective organisational structure.

What can be the consequences of deficient organisational structures?

In 1988, Child provided the list:

1. Motivation and morale may be depressed. (Due to lack of clarity in decision making, defined job performance, rules and regulations and delegation of responsibility.)
2. Decision making may be delayed and lacking in quality. (Poor information flow and lacking of coordination and collaboration.)
3. There may be conflict and a lack of coordination. (Conflicting goals, no team work and breakdown between planning and implementation.)
4. An organisation may not respond innovatively to changing circumstances. (Lacking of concern for scanning the external environment to note of changes in order to make the necessary timely responses to remain in the business.)
5. Costs may be rising rapidly, particularly in the administrative area. (Costs start to rise if the structure remains unchanged as a hierarchy.)

**The strategy-Structure ‘Fit’**

Organisations go through changes in their strategies when they are forced to change by the changing conditions in the external environment. In the process of implementing the strategies there are possibilities of changes being made to the organisational structures. This is because the structure provides the framework within which the strategic process must operate to achieve the organisation’s objectives. According to Robbins (2003) structure should follow strategy and this statement confirms what Miles and Snow said in 1984.

Miles and Snow provided a table to categorise the evolutionary trend of organisational forms in relation to their strategies and associated mechanisms and means of control.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Product/market strategy | Organisation structure | Core activating and control mechanisms |
| 1800 | * Single product or service * Local/regional markets | Agency | Personal direction and control |
| 1850 | * Limited, standardized product or service line * Regional/national markets | Functional | Centre plan and budgets |
| 1900 | * Diversified, changing product or service line * National/international markets | Divisional | Corporate policies and division profit centres |
| 1950 | * Standard and innovative products or services * Stable and changing markets | Matrix | Temporary teams and lateral allocation devices such as internal markets, joint planning systems, etc. |
| 2000 | * Product or service design * Global, changing markets | Dynamic network | Broker-assembled temporary structures with shared information systems as basis for trust and coordination |

Miles and Snow (1984) also categorised business strategies into four types:

1. Defenders - have narrow and relatively stable product-market domains. They seldom make changes to their technology, structure or methods of operation. They focus on improving their efficiency of operation. They have limited product lines, single, capital intensive technology, a functional structure and skills in production efficiency, process engineering and cost control.
2. Prospectors - always searching for product and market opportunities and testing emerging environmental trends. They have diverse product lines; multiple technologies; a product or geographically divisionalized structure and skills in product research and development; market research and development engineering.
3. Analysers - they operate in two types of product-market domains - one relatively stable, the other changing. In their stable areas, these organisations operate routinely and efficiently through use of formalized structures and processes. In their more innovative areas, key managers watch their competitors closely for new ideas and then they rapidly adopt those that appear to be the most promising. They have limited basic product line, search for a small number of related product and/or market opportunities, cost efficient technology for stable products and project technologies for new products; mixed (frequently matrix) structure and skills in production efficiency process engineering and marketing.
4. Reactors - they are organisations in which strategy-environment inconsistency exists or in which strategy, structure and process are poorly aligned. There is some evidence that, in highly regulated industries. They perform less well than the other three types.

Mintzberg spoke of strategies and structures as forces and forms respectively. Mintzberg (1991) used these terms similar to the strategies which Chandler, and Miles and s=Snow used. He identified seven forces and forms:

1. The force for direction, which is likened to having a ‘strategic vision’.
2. The force for efficiency, which balances the costs and benefits.
3. The force for proficiency, i.e. for carrying out tasks with high levels of knowledge & skills.
4. The force for concentration, which means the opportunity for particular units to concentrate their efforts on serving particular markets.
5. The force for innovation, which encourages the search for new products or services or for different ways of delivering them - encourages adaptation and learning.
6. The forces for cooperation and competition, which are catalytic. Cooperation calls for pulling together of ideology, i.e. the culture of norms, beliefs and values that ‘knit a disparate set of people into a harmonious, cooperative entity’. Competition descries the pulling apart of politics in the sense of politics as the non-legitimate, technically not sanctioned organisational behaviour.

**Organic Structures**

Burns and Stalker (1961), after studying 20 British industrial organisations concluded that organisations had different structures depending on whether they operated in more stable environments that changed litter over time or in more dynamic, changeable environments which were unpredictable in their instability. They claim that are two types of structure - ***mechanistic structures*** that are more suited to more stable unchanging environments and ***organic structures*** that are more suited to the unpredictable, more dynamic environments.

**Conclusion**

There are many influences on the way an organisation might structure for successful performance and to cope with change. What is apparent is that there is no one best way to design organisational structure or any particular form that will guarantee successful performance. Depending on factors such as strategy, size, technology used , the degree of predictability of the environment and the expectations and lifestyle of employees, an organisation could well be successful and respond to the need for change whether it was structured along strict bureaucratic, mechanistic lines or as one of the newer network forms.

However it must assume that these contingency relationships are straightforward and success will result. Robbins (1993), Child (1972) and Pugh (1973) have stated that ‘Strategy, size, technology and environment - even when combined - can at best explain only fifty percent of the variability in structure.’

Organisations are not only influenced by their environments, they may in turn be able to influence certain parts of their environments. For example, the political environment can be influenced through lobbying customers in the economic environment influenced through advertising and people’s expectations of employment influenced by the way groups of organisations design jobs. The existence of monopoly conditions clearly helps organisations modify their environments. In times of high unemployment, the introduction of technology that significantly changes working practices will be easier.

If organisations are able to some extent, to manipulate their environments to suit their strategies and structures, this will enable them to preserve existing structures and operational arrangements. Developing organisations cannot change their structures too frequently. There must be a significant change in contingency factors before an organisation will respond’ (Mullins, 2005, p.648). This implies that there a considerable time lag between situational change and changes in structure. Therefore, even if changes in strategy, size, technology and environmental factors do build forces for changes in organisational structure, there are other factors that may accelerate or, more likely, impede this process. One of these other factors could be the result of a power struggle among the constituencies in the organisation. Whatever structure emerged could be the result of the struggle not just based on between the internal and external environments but the personalities and power needs of dominant stakeholders. Another aspect of internal influence on the structure could be the culture of the organisation. Johnson (1990) says that organisational change cannot be brought about simply by changing strategy and structure. The organisational culture has a significant role to play if anything more than incremental change is to happen.

It can be concluded to say that organisational structure can be likened to the skeleton of the organisation supporting the implementation of strategic decision making and operational processes.

**In-Class activities**

Case study: Read the case study on pp 129-132 (2006) of the essential text: “Mitsubishi Motors revises organisation” and prepare appropriate responses:

1. How you would categorise these changes in terms of the types of change discussed on lecture 1 and 2.
2. Attempt to match the proposals and the structure shown in the case study to any or a mixture of organisational structural types considered in this lecture.
3. What might be advantages and disadvantages of Mitsubishi’s proposed structural changes?