



Strategic Imperatives driving business performance

Research by...

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Introduction

The aim of this essay is to provide insight into the response of contemporary organizations to the ongoing process of institutionalism and bureaucratization. It suggests that formal and informal institutionalism continue to shape and create responses that has lead to the creation of a multitude of diverse organizational structures and complex organizational cultures. Interaction and engagement with the bureaucracy in a variety of forms continues to add layers of cultural complexity often leading to operational reactivity.

From an indigenous centred perspective, features of organization in their specific social, cultural, political and historical contexts has had limited theoretical attention. An underlying inquiry as to what constitutes “traditional culture” in a dynamic contemporary environment and how interpretations of it impact the development of organizational cultures, structures and functioning is inherent in the essay.

It is common to see that some organisations thrive in global and competitive environments while others languish. Culture can be a major contributing factor to organisational success/failure through a provision of mindsets that promote stability and change, two fundamental forces that operate in all organisations. Conceptualising culture as being two subsystems reflecting these two forces, one maintaining things as they are and another promoting change can better explain the role of culture in organisational performance. The differences between the two cultural systems should ideally reflect the environment in which the organisation operates.

Accordingly, establishments that intend to survive and prosper, must pursue business excellence an imperative, a strategy for continued thriving existence. However, to understand the imperatives of business excellence organisations must first define what business excellence is. Business excellence, succinctly put, is the integration of best practices into the fabric of certain essentials of any business operation to achieve delightful stakeholder results. Imperatives of business excellence, therefore, are the musts of a business strategy that involves all employees delivering higher value to stakeholders. Therefore, business excellence result from successfully integrating quality and performance seamlessly into an organisation's fabric for delightful results.



The imperatives have been shown across the globe to resolve into best practices in seven key pillars of business: Leadership, strategic planning, customer and market, data/information analysis, human resource, process management and business results. Consequently organisations would do well to embrace the essential best practices embodied in each of the key business pillars which result in business excellence.

The Business Environment

The business has to grow itself as per the conditions of the various factors. The business has to formulate its strategies so as to gain business competitiveness. Thus it is two way process that influences the strategy formations of the organisation. Business operate under some environmental imperatives also; are there own imperatives; can be termed as strategic imperatives.

Matching, exploiting and changing the linkages between resource competency and environmental opportunity is an expression of organisational competitiveness and the presence (or absence) of competitive advantage. Competitiveness comes from functions, activities and people, and the effectiveness of the links between them, that is culture. The second aspect is the relatedness and interdependency of the different products, services and businesses and their ability to support each other some way.

Expectations from the senior leadership team striving for business excellence relate to their being role models by showing ethical behaviour in all stakeholder interactions and transactions and by participating in training and development of future leaders; motivating the entire workforce and regularly reviewing organisational performance, balanced across all stakeholders - employee, customer, organisation and investors In the same vein , employee performance, the leadership of the organisation would be concerned with how to build employee commitment and investing in the organisation's human capital to build employee capability; the measures for determining the capability and commitment of its employees would also be of interest to the senior leadership team; For customer performance, customer segmentation and customisation will be the primary focus while for organisation performance, leveraging four critical capabilities - learning, speed, boundarylessness and accountability - will be the goal of the senior leadership team. Building shareholder value through cost management, growth strategies and management equity creation would be other primary targets of the leadership.

Strategic Planning



An effective senior leadership team must be future-oriented so that the organisation's business is not overtaken by events in the environment and transformed into a dinosaur. The only route open to senior leadership to avert leadership obsolescence and rudderless governance is the use of the most powerful strategic planning tool in the conduct of its business.

For business excellence, an effective strategic planning process must be concerned with: Customers' and suppliers' expectations, new business and partnering opportunities; technological developments that can impact on the organisation's business; competition and organisation's ability; and the events in the global marketplace.

Others are the e-commerce environment; customer and market segmentation and customisation; external (legal, regulatory, economic) environment; and community-societal expectations to ensure organisations' public responsibility and good citizenship.

A critical examination of all the above factors can translate to strengths and weaknesses as they concern the organisation, suppliers, partners, markets, government, regulation and competition; and the crystallisation of organisation objectives with associated goals and strategies to eliminate weaknesses and contain threats while building on strengths and capitalising on perceived environmental opportunities.

The development and deployment of Action Plans complete with projections, key performance measures/indicators, allocation of resources, derived human resource plans by the senior leadership would ensure that the organisation is strategically focused with the energies of all employees adequately channelled towards business results.

Customer & Market Focus

Business excellence must be customer-driven for customers are the pivots of all business. It is trite knowledge that without customers there can be no business for, in fact, the only reason why businesses exist is to serve customers. It is important, therefore, for the senior leadership team striving for excellence to constantly take the temperature of its customers by determining its customers desires now and in the future so that its market offerings can continue to be relevant.

Accordingly, it is of course, no longer sufficient for long term survival to provide relevant market offerings. These must now be complemented with the development and



maintenance of excellent customer relationships for customer retention and customer delight. Businesses now recognise that it costs ten times as much to cultivate and win a new customer than it is to keep an existing customer. This economic truth definitely reinforces the old truism: "make new friends but keep the old. One is silver, the other gold".

To achieve adequate customer and market focus it is imperative for customers and the markets served to be segmented so that groups of customers and the markets with most value to the organisation can be ascertained for special leadership attention.

Other imperatives for business excellence from the perspective of customer and market focus relate to product and service differentiation, complaint management process, measurement of customer satisfaction and dissatisfaction and strategies for market share gain and growth.

The core value that underpins this imperative of business excellence is "management by fact". Senior leadership of excellent businesses do not manage their businesses on gut feelings or whims and caprices or "that it is the way we have always done it" philosophy. Rather, they determine the data/information which are the drivers of their businesses and install adequate systems for their collation, analysis and interpretation.

Typically, the data/information system concern products/services, suppliers, employee, competitors and financial performance. The trending of the data on all the above drivers of business is crucial as it provides invaluable insights into improvement opportunities and change management. Comparison of the results that emerge from the analysis of compiled data with best practices and benchmarks are also normal cultures of businesses where excellence prevails.

Organisational Culture

When any group of people live and work together for any length of time, they form and share certain beliefs about what is right and proper. They establish behaviour pattern based on their beliefs, and their actions often become their beliefs, and their actions often become matters of habit which they follow routinely. These beliefs and ways of behaving constitute Organisation's culture. Culture is reflected in the way in which people in the organisation perform tasks, set objectives and administer resources to achieve them. It affects the way they make decisions, think, feel and act in response to opportunities and threats. Culture also influences the selection of people for particular jobs, which in turn affects the way in which tasks are carried out and decisions are made. Culture is so fundamental that it affects behavior unconsciously. Managers do things in particular ways because it is expected behaviour.



The culture of an organisation is therefore related to the people, their behaviour and the operation of the structure. It is encapsulated in beliefs, customs and values, and manifested in a number of symbolic ways.

Ever so often we read from the Annual Reports of organisations that their human resource is their most important asset. Unfortunately, however, the actions of most senior leadership of organisations believe such claims because invariably when the going gets tough the first expendable item in the organisation's operating budget is the Human Resource Development budget which is either severely reduced or scrapped altogether.

This imperative of business excellence emphasises that any business that seeks to achieve excellence cannot afford to pursue such short term philosophy in dealing with its human resource. Ironically, it is during the lean moments that organisations should leverage their human resource for optimum productivity. So what are the imperatives of the Human Resource Focus? Essentially, they boil down to the senior leadership team proving that it truly values its employees and partners by developing and instituting work systems in which employees and partners can thrive. Thus, the business must establish effective communication strategies and achieve co-operation across organisational boundaries to the extent that the entire organisation becomes boundary-less; create an enabling environment that encourages initiative, innovation, knowledge and skill sharing; motivate its employees through job and career related developments, compensation, incentives, recognition and reward schemes; and focus on effective succession planning throughout the organisation; The establishment will also pursue excellent recruitment strategies and achieve high retention records and other imperatives for business excellence relevant to human resource focusing on the alignment of employee education and training to business results and performance improvement, evaluation of training effectiveness using levels 1, 2, 3 and 4 - reaction, immediate, intermediate and ultimate - measurements; determination of employee well-being and satisfaction through periodic surveys and using the outcomes of such surveys to devise leadership improvement strategies. It should also pursue Internal partnership with unions to achieve labour- management co-operation to create conducive work environment, external partnership to achieve strategic alliance as a means of entering new markets with new products or services are also pre-requisites of business excellence. The later aids achievement of longer-term objectives and serves as a basis for mutual investments and respect.

Culture and power then affect the choice incidence and application of the modes of strategy creation, which will also reflect the values and preferences of the strategic leader. The preferred mode must, however, be appropriate for the organisation's strategic needs, which are



affected by competition. Moreover, culture and power are such string forces that, if the prevailing culture is overlooked, implementation may not happen. Strong cultures can obstruct strategic change, particularly if com[panies are in decline and people feel vulnerable.

Strong cultures , then, are in important strategic asset . Internalised beliefs can motivate people to exceptional levels of performance. An effective strategic leader will understand and mould the culture in order that a vision can be pursued and intended strategies implemented. Most successful companies develop strong cultures; the major doubt concerns an organisation's ability to change the culture.

Moreover, large organisations formed by a series of acquisitions will frequently exhibit different cultures in the various divisions or businesses; in many international businesses this is inevitable. The challenge for corporate headquarters is toi ensure that certain critically important values are reflected in all branches of the corporations and cultural differences do not inhibit internal architecture and synergy.

At the same time, cross-border mergers and alliances promise to fuse together the best features of different cultures, but this may prove more idealistic than reaslistic.

Process Management

In today's globalised world with frenetic changes in technology, managing for innovation has become a critical success factor for any business let alone those striving for business excellence. Process management is the key to managing for innovation. To achieve this key objective for excellent business results , the senior leadership team aiming at business excellence must pay attention to its design processes, production/delivery processes, business processes and support processes and seek to trim drastically the cycle times involved to minimise operating inspection and test costs, time to market and build shareholder value through breakthrough processes.

Market results

This will manifest in Market share/position, Business growth, While Financial results will show in Financial returns (ROI), Asset utilization (ROA), Operating margins, Profitability by market customer segment, Liquidity, Debt to equity ratio, Value added per employee. Determination of the levels and trends in all key measures/indicators decided by the senior leadership team is crucial to the achievement of business excellence and is culture in those that



have achieved business excellence through seamless integration of all the seven key pillars of excellence in their business.

Components that form cultures

It is essential to study the different components that integrates into organizational culture. By analyzing the micro aspects and aligning them toward organizational goal, it helps building cultures that perform for business strategies, more sustainable way.

Structures & Processes

Organisational Structures do not exist in isolation; they presume, depend on and influence several organizational variables such as processes (communication, goal setting, conflict resolution, socialisation, leadership building, strategic planning, supporting, team working), behavior, values, rituals, climate, authority (with which the role holders are imbued) and people (competence, confidence, interpersonal skills, leadership, perceptions about others). Structure designers tend to ignore this vital reciprocal relationship quite often, leading to ineffective structures and unhappy human beings. An attempt has been made in this article, to map this relationship between organisational structures and processes.

An organizational structure is an attempt at structuring the activities such that the desired end objectives of the organization are met. This involves division of work, accountabilities and authority. However organisations are created to provide products and services which are integrated packages involving the contributions of several organisational sub components. In fact provision of this output is the prime reason for the existence of the organisation. Like analytical problem solving, in the course of structuring, organisations also break down a complete task into sub tasks, each of which is then handled by a sub system designed to manage this small task with high levels of efficiency, productivity and resource optimisation. As effective as the analysis (breaking down into sub components) is, for the purpose of conclusion and delivery, synthesis and synergisation of these processes is of paramount importance. A set of very effective and efficient components is of little use unless they work well together. Consumers would rarely be interested in how the work is structured as long as the outcome is complete and delighting. The organisational orchestra has to create a symphony by skillfully combining the notes of the constituent instruments at an appropriate scale to create a beautiful musical experience for the listener. Individual brilliance is of no use unless it is coordinated and led properly.



The organisational processes are designed to precisely achieve this coordination. Structuring roles leads to the creation of roles defined in relation to each other. Designing the supporting processes leads to weaving these roles into a seamless pattern of excellence.

This coordination to achieve the organizational objectives of producing goods and services and satisfying customers is facilitated through the following processes:

Performance:

Leadership here is not restricted to the topmost position, the CEO. A leader here includes each and every individual who is leading a team. Each and every box in the organogram here is in a leadership position with respect to his team. Designing an organisation structure assumes that these individuals will be able to perform the role that the position demands of them. Quite often placement in leadership positions is a function of functional competence and expertise and could be blind to the incumbent's leadership abilities. Such a placement is fraught with risks of bringing disrepute to the structure itself. Success has many fathers but failure is an orphan. Non performance could be blamed on a variety of factors ranging from mismatch of individual with the role, lack of support from other functions or the superiors, lack of focus on systems and processes, lack of the right type and quantity of manpower, lack of other resources, or market conditions. A failure of leadership can be camouflaged as any of the above. Such an analysis is fraught with the risk of successive failed solutions for the same chronic problem. The patient may in this case die of wrong diagnosis. Failure of leadership is difficult to diagnose, difficult to prove and difficult to fix.

Goal Setting:

Good leadership will make a difference to the quality of goals set. Mediocre leaders will set and achieve mediocre goals. For extraordinary courage dynamic and visionary leadership is needed.

Resource Allocation:

While the rational budgetary planning process will come with an optimal allocation plan for maintaining the status quo or achieving it cannot be a substitute for the core leadership function; directing and focusing the organisational energies towards the intended goals. Like the annual budget of the country is a clear indication of the nation's priorities, the organisational



budget (which flows from the business plan) is an indicator of the organizational priorities. The leader has to decide upon the priorities or at least facilitate the emergence of the priorities and their translation into a plan. The organisation being an arena where several lobbies or constituencies will constantly be clamoring for more and more resources, this role is an unpleasant one. These constituencies are clamoring not for their own sake but in the best interests of the organisation from “their” perspective. The leader has the advantage of listening to all the expectations and priorities and the responsibility of facilitating the emergence of a consensus among these constituencies. In the event of his inability to evolve a consensus the organisational sub units will get polarised on the issue of resource allocation and lead the emergence of conflict.

Risk Evaluation:

Every business venture has a risk involved, financial & business risks. While modern risk analysis tools will help minimise such risks, the final decision will be fraught with anxieties. It is given for a leader to suffer these anxieties alone and spare his team from them. Decisions like these put a leader’s courage and wisdom, at the same time, to test.

Trade off between the short term and the long term:

Leaders tend to be evaluated today on a financial statement basis and will be evaluated tomorrow for the heritage left behind. Occasions arise when the leader is facing a contradictory set of choices. One guaranteeing short term advantage and the other significant advantage in the long run. There are arguments on both sides and the future is unknown in any case. The impact of these decisions will be felt only later, but the butterflies in the stomach are real now.

Setting standards of performance and behavior:

The best way of influencing performance and behavior is for the leader to lead by example. While formal processes for monitoring performance do exist, there is no substitute to influencing this through a personal example. Organisational members emulate the leader’s behavior and organizational behavior patterns can be traced to the leader’s behavior. For perpetuation of a culture of excellence it is therefore imperative that the leader leads it upfront.

Supporting Processes & Structure

Most managers consider their job done, once a structure is created and staffed. It is then left to the role holders to the role holders to perform by “managing the processes” so critical for the structure to become effective. Left to itself, the other processes will follow to make the



structure operational i.e. support the core processes. Hence information flow through the structure to relevant members to facilitate decision making and information sharing for coordination will start happening. The choice of the structure will automatically include some members, exclude some others from the information flow and decision making processes. Induction & socialisation of people to make the structure alive and manage their performance through feedback and reward to achieve end objectives assume critical importance. By default these processes will follow the structure and thus employees will internalize the new structure and the structure shall thus perpetuate unless a conscious change is made. With these processes operational the structure can be said to have started working. However, structures are not effective by themselves; it is the role-holders who are effective or otherwise. Their success or failure will also depend on the way the supporting processes are configured. The following organizational processes have to be designed to support the structure; they should be formally agreed, recognized, communicated & enunciated by the leader.

Organisational Culture and Investment Decision Making

The study's theoretical framework argues that capital investments are cultural phenomena, which both reinforce and change the fundamental structures of organisational behaviour.

In Government-oriented Co-operatives

From a theoretical perspective, a Government-oriented co-operative would be expected to display a more conservative and bureaucratically motivated rather than market-oriented investment behaviour, and indeed, the fairly well managed, government-oriented coffee society, *Coffee B*, invested mainly in processing facilities. The society had not made any major new investments recently and management sees no need to build new factories, which suggests that there is a lack of new investment targets in this society. Even the old investments had not been carefully planned.

In Supplier-Oriented Co-operatives

Supplier-oriented co-operatives, in contrast, would be expected to emphasise more supplier wealth objectives in their investment decision making. The fairly well-managed, supplier- and government-oriented dairy society, *Dairy B* had had a new mini dairy under construction for the past ten years, but major work had begun only recently. Once the plant is completed, the society hopes it can move towards a more successful era, if the plant can deliver



the intended benefits and attract disaffected member producers to return. The main part of Dairy B's investment cost is unfortunately financed by the common method of deductions from member payments, which has reduced net payments of producers. Consequently, member loyalty has decreased, which in turn, may endanger the whole mini dairy project. The ultimate question is whether enough members remain to deliver milk to the new dairy plant.

The situation is more mixed in the well-managed, supplier-oriented coffee society, Coffee A where bureaucratic wealth accumulation objectives are combined with attention to member supplier needs. There, the relocation of factories and electrification are ongoing projects and members perceive them as good investment targets. Members are satisfied, because the investments promise to benefit their daily activities. The co-operative bureaucracy involved in the capital investments was criticised, although the careful government evaluation of these investments was respected. Most of the investments were financed by member capital, although long-term loans were applied as well. On the other hand, opinions differ on the Nairobi building investments, which have since been restructured under a separate closed society and only some of the coffee society members are now involved in this investment. Some members regarded the buildings in Nairobi as good investments, but the majority thought that productive investments in factories were more important and would produce more direct benefits to them.

There was a suggestion to plant coffee trees in the idle lands of the society in order to increase member benefits. Some argued that the establishment of "a society-owned farm" would benefit members in many respects. It would bring more income, members could be educated to take care of coffee, and new ways of farming could be tested. This would create new income generating opportunities for the society.

Recent capital investments of the well managed, supplier (shareholder)-oriented dairy society, Dairy A and its union have concentrated on the construction of a new dairy at the union level. The cost of this dairy has been financed by a bank loan, which will be paid back once the dairy begins to generate income for the union. Milk storage facilities have been expanded recently to improve member loyalty, which is crucial for the success of this dairy plant investment. The present quality of milk products and the production chain from a raw material to an end product is not very good. Therefore, it may be difficult for this dairy to compete and increase its market share. According to the union management, its building investments generate good benefits currently. On the other hand, the AI investments have not been successful, because the Union has not been able to maintain the expected quality level of this member service.

The main investment target of the supplier/shareholder-oriented dairy cooperative in transition, Dairy C, was already in the 1980s to build a dairy. The investment was carefully



planned and alternative investment targets were examined. This investment was largely due to member dissatisfaction in working through the KCC, but also in response to market liberalisation. Trust between the members and management is important in this investment. The plant was originally financed by a bank loan and members will become owners as they repay the loan. The society decided to organize the dairy plant as a limited liability company instead of the cooperative alternative, because it wanted to retain a full autonomy of decision making without interference by the Ministry. This society has an active development approach and various capital investment alternatives are continuously presented.

This reason for transition is different from the typically presented motives for cooperative conversions to corporations.

In Private Shareholder Estates

Neither of the two *private* shareholder-oriented coffee estates in the study had made any major investments recently due to financing problems. They were, however, replanting of coffee trees and had plans to improve the quality of the coffee in the future. On the other hand, the private dairy estate visited had made a major investment in a new dairy plant, where product quality as well as customer needs were being emphasized

Comparison between Coffee and Dairy Investments

Some issues can be raised from a comparison of the coffee and dairy processing organisations. The dairy societies need to add value by further processing of milk products, and they are forced to make capital investments for this purpose. All the examined dairy organisations had completed or were in the process of making such investments. Quality and financing are deciding factors between success and failure. Quality is important for customers, who buy dairy products for their children. Producers should, therefore, meet the basic hygiene requirements to satisfy customer needs. As was expected, emphasis on product quality was highest in the private dairy company studied, followed by the dairy co-operative in transition, Dairy C. One can, therefore, conclude that a supplier-oriented culture does not offer an adequate approach in dairy production to cope with competition in liberalized markets and that a more customer-oriented approach aimed at satisfying consumer product quality concerns is also needed.

Dairy investments can be financed by voluntary member capital contributions, by direct member capital contributions deducted from milk payments or by bank loans, which are repaid by deductions from members' milk payments. One disadvantage of direct member capital contributions collected via the payment deduction method is that it can lead to a significant



reduction in the net payments to the producers, which has a negative affect on member loyalty. Therefore, dairy cooperatives often prefer to secure a bank loan to finance such new investments. The advantage of bank financing is that repayments may be postponed until the investment starts producing income, but the dairy investment could be immediately started. Bank financing will also put pressure on the management to generate adequate member benefits from the capital investment, because the loan must be repaid back to the bank.

Since coffee markets are just now entering into a liberalization phase and Government continues to play an important role in the marketing process through the Coffee Marketing Board, coffee co-operative investment behaviour still displays a bureaucratic and conservative orientation. No major capital investments had been made in the coffee co-operatives studied. Due to a lack of alternative and potentially profitable investment targets, all the societies studied had made real estate investments. There is some evidence that such speculative investments in real estate, that had nothing to do with the core business of the co-operative, may have economically benefited some sub-groups within the co-operatives. However, they do not appear to have benefited the bulk of the members and were not in line with the true philosophy of farm producers' co-operatives. These types of investments could have been better handled through a private limited company. There would be nothing wrong in founding another organisation for these investments, where the investors acted in their capacity as shareholders. This is possibly why coffee co-operative A chose this mechanism as a way to divest from such activities.

Improving the quality of coffee was an important investment objective for the private estates studied and they had planted new coffee trees to improve both quality and quantity. As a result, the average yield in a typical private coffee estate was double that of a co-operative smallholder. Somewhat in contrast, the examined coffee co-operatives stressed improving productivity as their best strategy for coping with market liberalization. Improving the quality and quantity of members' production was also regarded as an issue, but it was not seen as being the most important one. Thus, their main focus was on improving the processing and transport of coffee from the farm gate to the miller.

One common weakness, which seemed to limit the quality of co-operative investment decision making in both sectors, was the lack of reliable and timely data on co-operative business performance accessible to management and members alike. This was at least partly due to the low level of automation of management information processing within the sampled co-operatives, which all continued to rely on a manual system of accounting.



Acculturation

Often talked about, a well planned induction and socialisation process is critical in helping a new entrant settle down fast. Selections focus on demonstrated competencies, knowledge possessed and attitudes as apparent from past behaviors and endeavor to find a perfect fit between the organisation's and the person's role expectations. While the knowledge and skill fit become apparent as soon as the person starts performing, attitude and expectations mismatch is not so readily apparent. People make judgments based on their past expectations and are steeped in the cultures of the organisations with which they have been associated with. This includes the family values, the schools studied in and organisations associated with in professional as well as personal capacities. Expectations about Organisational Values, the unspoken boundaries, use of authority and power, management style, communication protocol, autonomy available are some focus areas for Induction and Socialisation Programs. A high flying manager who moved from a large bureaucratic multinational to another medium sized evolving multinational found a significant difference between the two organisations in the autonomy available to him. Having been hired to lead change, he was given complete autonomy for making the change happen. The new found freedom was so overwhelming that the manager started bulldozing his way through. Little did he realize that while the organization offered complete autonomy, it's value system abhorred conflict. Very soon he made enemies with everyone and could not get his team to perform, let alone lead change and left the organisation as a failure. While the choice itself may have been wrong, it is apparent that the Socialisation process failed to acclimatize the new entrant, with the organisational norms. Similarly when another organisation launched a new business it hired a large number of experienced professionals from the industry. The industry operated in a disintegrated form in an unorganised manner. Since there were no organized sector players there was no choice but to take people from the small companies and induct them carefully into the new culture. The contrast between the two cultures was sharp. The small company culture was a "thin" culture, high on autonomy and adhocism, lack of policies and systems, hire and fire, and employed mostly uneducated migrant labour. The company to which they moved was a "thick" culture which emphasised clearly articulated vision and values, offered long term employment, had documented and progressive people policies, and an educated and enlightened workforce at all levels. Stories of adhoc behavior stopped and morale improved. Retention, which was once thought difficult, is now a manageable problem. A change in structures and roles of is similar to joining a new organisation. New roles even in the same organisation implies new expectations, new goals, new colleagues and new skill sets. However



When an individual changes jobs he is likely to be more conscious of these differences, in an internal transfer, individuals take on new roles with old styles. Handing over which is an important part of the transfer process is supposed to not only ensure continuity of work but is also supposed to acclimatize the new entrant into the role with expectations, role demands, culture with respect to information sharing, conflict, delivery of results etc. In the absence of this acculturation the transfer is likely to create turbulence which could have been avoided. It is not unusual to see cultures where the new entrant is evaluated very closely within the first six months and therefore individuals, in their anxiety to make a mark, try to undo what their predecessors have done with an entirely different logic to support their actions. With every management reorganisation therefore, come in a different set of styles, principles and prescriptions for success. While institutions would be proud of their inheritance and seek to build upon it, fledgling organisations unsure of their identity would use “fashions & fads” to find that one right answer which does not exist.

SWOT:

Growth orientation, emphasis on the use of planning and openness in transactions and communications were perceived as *strengths* in *well-managed* co-operatives and members seemed more satisfied with their society in these areas than in *fairly well-managed* ones. Perceptions of strength in private companies were more authoritarian and control-oriented and emphasised strong management, production and owner-control. One major difference between co-operatives and private estates was with respect to the maintenance of high quality production standards (the latter maintained higher standards). Also private company owners thought they were better able to control operations than were co-operative members. Good and demanding owners were considered as strengths in private companies whereas in societies, member loyalty was valued more.

Member-perceived weaknesses in the co-operative societies surveyed related largely to internal relationships, such as managerial corruption, the poor payment system, slow information flow and lack of transparency in transactions and communication. Among the fairly well-managed societies, poor payment system and lack of transparency in managerial activities were highlighted as major weaknesses. In contrast, the perceived weaknesses in private companies were mainly reflections of external relationships like politics, markets and lack of financing.



Perceptions regarding what were threats and opportunities also differed. Fairly well-managed co-operatives generally saw liberalisation of the Kenyan economy mainly as a threat, while market liberalisation was perceived mainly as an opportunity in private companies. The perceptions of the well-managed co-operatives surveyed were mixed. For example, members of well-managed societies wanted their society or the Ministry to keep private buyers away from their farms. At the same time, however, they welcomed the possibilities of free choice over their own marketing chain. This demonstrates that well-managed co-operatives are seeking new possibilities whereas the fairly well-managed co-operatives seem more concerned with their day-to-day problems. For private companies, liberalisation meant opportunities to create own brand names, to expand operations abroad and to further process their raw material. The main threat perceived by the private companies was the end of liberalisation.

To conclude, the strengths, weaknesses, opportunities and threats (SWOT) analysis shows striking differences between private companies and co-operatives. Private company perceptions are much more optimistic with regard to liberalisation than co-operatives and appear to be gaining a competitive advantage in liberalised markets. As liberalisation continues and competition becomes more intense, it is, therefore, likely that co-operatives will face an even stronger challenge from the private companies.

Environmental Scanning & Feedback

A structure once formalized has a tendency to become inward looking. While this helps in focussing the energies on the task at hand, unless there is a monitoring of the direction in which the organization is headed and it's performance in relation to it's objectives, there is a likelihood of getting lost in activities and losing sight of objectives. While some feedback will be received by those functions at the organizational boundary, formal processes for converting this information into decision data are essential. In relation to a specific structure, such feedback will normally come from other interested organizational members. Such feedback is critical in identifying lacunae in structures and institution of corrective processes. Structures and the incumbents of such structures can ignore such feedback at their own peril. This process of feedback and review is similar to the performance management process and helps a structure stabilize itself and gain a sense of direction, just as the performance of an individual improves with feedback. We must therefore recognize this process as a formal process by which a structure seeks to adjust itself to the environmental demands and ensures continuity for itself.



Feedback structure in the culture

All organisational members & components on the boundary are important sources of feedback. The customer interface functions such as marketing, sales, product development, the people interface functions such as recruitment, the vendor interface functions such as vendor development & procurement, public relations and liaison functions such as legal, statutory and public interface are all important sources of feedback. Media relations functions by being in touch with the media are able to provide inputs based on inputs received. Occasions such as customer / dealer conferences, press conferences, meetings with public officials, shareholder meetings provide capsuled feedback and need to be recognised as formal feedback mechanisms. These occasions should be used to collect / seek feedback and this feedback has to be then fed back into the organisation and the relevant parts which can then act upon it and the loop is completed.

Co-operative vs. Private Organisation Cultures

The three private companies were characterised by *shareholder-oriented* cultures, where short-term profitability was the key issue. This was the basic tendency in all private companies. In marked contrast, the examined co-operatives displayed more supplier-oriented and government-oriented cultures. This fundamental difference in culture between the two groups is important. In the private companies studied, business activities were evaluated by their owners in terms of how they contributed to improving current year profitability by increasing efficiency and lowering expenses. At the same time, it was evident that such over-emphasis on short-term profitability concerns could lead to a lower level of capital investments and less attention being given to the technical aspects of production. Such was the case in two of the private coffee companies examined.

The general cultural focus in the surveyed co-operatives was, on the other hand, on keeping member service costs low and maintaining an adequate quality of service, which focus is typical for *supplier-oriented* cultures; however, supplier-oriented co-operatives do not tend to emphasise improving the quality of member production. Members may demand that their society improves the range and quality of its services to members, but management seldom requires members to improve the quality of the production they supply to the co-operative. In *government-oriented* cooperatives, emphasis on tight cost budget control often leads to strict requirements that no expenses are to be exceeded beyond a certain point. This is a way to ensure that the production in the co-operatives is realised with the foreseen budget. On the other hand, this kind of budget



control can actually produce just the opposite effect. Expenses are inflated in the budget proposal and during the budget year, the management may attempt to use budgeted expense allocations fully before the end of the financial year in order to guarantee a higher cost budget allocation for the forthcoming year.

In some of the co-operatives studied, an interesting combination of *government-oriented* culture was observed where a *shareholder-oriented* culture was used for rhetorical purposes. Surprisingly, urban real estate has been one of the major investment targets of some of these co-operatives and they have invested in rental properties in Nairobi. According to several members interviewed, these buildings are a consequence of an incompetent and corrupt management who benefited personally and financially from these investments. When these buildings were constructed, the decisions were justified to the membership on profitability basis. In other words, management applied a shareholder-oriented culture to explain to members that these buildings would be sensible investment targets and provide all members a good return. The study findings, however, gave no evidence to support the argument that these buildings had brought any major wealth increase to the members.

Co-operative and Private Sector Response to Changing Markets

There is evidence, though, that recent liberalisation of the market environment in Kenya has begun to change organisational cultures. Private coffee companies have an interest to develop new brand names to differentiate their products better and emphasise the quality of their coffee production, while in the dairy sector, private dairies now offer a range of new dairy products. These changes within the private sector are examples of *customer-oriented* culture where customer satisfaction is viewed as an important business objective. This externally induced cultural change may lead to profitability in the long run as was the perception in the examined private companies.

Some change towards a more shareholder-oriented could be seen in the coffee and dairy co-operatives studied, especially in well-managed co-operatives. Evidence of shareholder-oriented culture was found both at the union and society levels; however, since profitability figures were not presented in an appropriate manner, the visibility of owner-interest was lacking.



Balancing Member and Customer Needs

The fairly well-managed co-operatives surveyed did not seem to pay enough attention to satisfying their member suppliers' needs. Consequently, member loyalty was at a low level. Even the private dairy estate surveyed had been able to create better supplier loyalty than the fairly well-managed dairy society by providing prompter and higher payments. Indeed, a well-managed co-operative could fulfil its members' needs including good and prompt producer payments and farmer training, whereas the quality of artificial insemination services (AI) was insufficient even in the well-managed co-operatives.

Since customer and member needs are constantly changing, the key to success seems to be to adopt an adaptive and flexible approach to the environmental changes. Unfortunately in the fairly well-managed dairy co-operatives surveyed, government-orientation and conflicts made it impossible to adapt to the changing environment. While a small society can communicate better with its members and adapt more quickly to change, they do not meet the technology and the scale of operations requirements. To compete effectively in liberalised markets, a society should be large enough to build its own dairy or invest in a proper coffee processing facility without jeopardising the level of member payments. Thus, the union level might be at the right level of operations to support such investment in dairy plants, in joint sales organisations or in large coffee processing factories. It may also be in a better position to attract good management for large-scale operations. This would allow independent operations without a need for interventions by external stakeholders, such as the Government, Dairy C, a co-operative in-transition, provided a good example of how better operational autonomy in decision making could be achieved by establishing its dairy plant investment as a private limited company.

To summarise, in private companies the current state of corporate culture is well on the way towards a position where market liberalisation is considered to be an opportunity. A similar transition has only recently started in the well-managed cooperatives. However, we could not find any signs of transition in the fairly well managed co-operatives. This rigidity will make it difficult to cope in the liberalised markets and there will be a danger that the role of co-operatives will diminish.

Competencies

Each individual acquires competencies as he goes along in life. These competencies help him survive, relate to different sets of peer groups, grow in stature and wealth, mark a position for



him in the society, and enable him to leave a unique mark in his surroundings, which would outlast him. An organisational resume similarly helps distinguish the organisation from others. These competencies are necessary for today and tomorrow; for organisations that wish to outlive today and have a vision for tomorrow. Living organisations do acquire competencies on a day to day basis through it's interactions with the environment and through the efforts of its constituents. However organisations with an identity of their own are aware of their competencies and take pains to build upon them as well as acquire newer competencies for the future. It goes without saying that competencies are relevant in the context of the vision and values of a mature organisation and conversely an evolving organisation can create a vision for itself by becoming aware of it's competencies and creating a vision to maximise them.

Strategic Focusing Organizational Change process

The Strategic Focusing Process integrates three critical organizational activities - Strategic Planning , Performance Management and Leadership Development in an orchestrated organizational change process. It benefits the organization in the following ways Focus: Aligns management and employees around a common purpose, a clear vision for the future and meaningful goals that people can relate to.

Creates an innovation climate (culture) in which people are motivated and accountable for improving their personal and team performance. Aligns structures, core process and provides advanced leadership skills for improving people's capacity for delivering quality, service and results. It is imperative to understand the key principles and practices involved in developing a quality and innovation culture within their organization.

Strategic Focusing involves the top management working together in a collaborative manner to develop the new focus of the organization.

Example

Restructuring of Public Enterprises has gained utmost importance due to change in the overall market dynamics as a result of the opening up of Indian Economy. With the population crossing One Billion Mark, the entire world is looking for business opportunities in India. Moreover, with the development of Internet and E-commerce Technologies, India has become a global market place. Indian customers will be the real kings with all the global giants



...rying for a piece of smile on their face. With increased awareness and more and more demands from the customers, any organisation, for its survival, will need to acquire competitive edge. This imperative has compelled even the PSUs to contemplate organisational restructuring and taking a new look into their business processes. The Government of India in 1995 had set up a strategic Planning Group for preparing recommendations on restructuring of oil and gas industry along with strategies for developing an internationally competitive hydrocarbon sector. Accordingly, some of the major Oil and Gas PSUs of the country were conferred Navaratna Status with increased autonomy and each one of them took giant strides to face the upcoming challenges of "Phased Dismantling of Administered Price Mechanism and Deregulation of Oil and Gas Sectors".

The mandate of globalisation for Navaratna PSUs will necessitate an organisational structure to support identification of overseas business opportunities and their development and implementation. To achieve higher productivity, increased market share and future proof strategies, the orientation of the organisational values and processes must have to be focused towards customers, innovation/knowledge and technology. Disinvestment of Public Enterprises or partial privatisation is aimed to introduce more professionalism in the boards of PSUs.

GAIL is preparing itself for the changing scenario through reorganisation / restructuring. In case of GAIL, the basic aim of restructuring will be to facilitate alignment of organisational structure with the business process of GAIL in the most effective and efficient manner for implementing its strategic plans and missions. In the present scenario, an organisation like GAIL is likely to organise its business under two distinct categories: -

Profit Centres (Business Units) and Support Centres (Shared Services)

In order to implement the organisational restructuring of PSU like GAIL, the following points need to be kept in focus: Study of the prevailing economic situation in the country and the global market at large. Evaluation of the impact of economic measures on the GAIL's area of business. Assessment of business environment in the country. Performance short analysis of the organisation and right mixing of core strength, strategic strength, opportunities Vs. Profitability of various business Re-engineering of business processes and method based on the critical success factors of the organisation. Investment/Disinvestment decision to achieve productivity and profitability enrichment and customers delight through improved services.

The restructuring process shall necessarily lead to an organisation, which will successfully integrate innovation into its daily business practices. Typical of such characteristics are as follows:



* Management is heavily involved in fostering innovation as a critical to long-term success. High importance is placed on cross-functional communication.

* Open to outside ideas.

* *Creation of entrepreneurial culture within the organisation and suitable empowerment of all levels.* Elimination/reduction of multiple supervisory chain of approvals for initiation and support of new ideas.

* *The remodeled organisational structures process and culture* must support innovations through continuous generation, nurturing and application of innovations in order to create marked difference in the current business and drive fresh initiatives to take a quantum jump for its future business. The organisational structure is required to be designed or redesigned to look into the future, to see what is required for high growth performance, for internally living up to our ambitions, and externally meeting people's expectations.

Prevailing strategies, structures and systems will not excite people in the Oil and Gas PSUs with traditional outlook and delight its demanding customers sufficiently to deliver quantum growth being envisaged by the Oil and Gas PSUs'. To achieve such a goal, the process of restructuring has to be a serious business for PSUs and will require dedicated managers supported by people from Centres of Excellence who may be attached to this project part time.

If we can create people who understand the business and who understand leadership, it will be easier to create a system and develop ideal organisational/business process. People will be at the heart of corporate capabilities in this Millennium. This needs to be realised and the mould of typical Public Sector Managers needs to be broken. Organisations of tomorrow will be flatter by way of turning more and more of its business (big or small) units into virtual companies and creative more and by creating more internal venture teams to institutionalise entrepreneurship.

Corporations those promote personal growth, attract best people. Best people seek ownership and best companies provide it through entrepreneurial culture. Authoritarian Management being replaced today by Networking People Style of Management (NPSM) characterised by horizontal co-ordination and support. PSUs also need to adopt NPSM style of Management, which is future focused and team oriented.

For Public Enterprises to be successful in competitive Indian Economy in addition to restructuring, the policies and frameworks under which the PSUs work today, must change towards better autonomy in real sense. For creating level playing ground for the PSUs, however, Gas Authority of India Ltd., with its culture of excellence in the highly skilled manpower and



with globally competitive management skill, will be the champion of tomorrow's global business of Oil and Gas.

Conclusion

The analysis of various factors that influence business (short term as well as long term); i.e. the strategic shifts occurring which is internal or external as well, drive the business performance. The systematic approach i.e. having proper systems at place makes the battle much easier. The organisation needs to develop cultures that sustain the imperatives which are internal inasmuch as external to the business. At the end of the day only appropriate cultures synchronous with time nurture business performance.