

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS MANAGEMENT**

**ORGANISATIONAL DESIGN – CBU 2107**

**FINAL EXAMINATION – APRIL 2009**

**TIME ALLOWED: 3 HOURS**

**INSTRUCTIONS TO CANDIDATES**

- (i) Answer question **ONE** (1) and any other **THREE** (3) questions
- (ii) All questions carry **25** marks each

**QUESTION 1 IS COMPULSORY**

**Case Study**

When Phillip Sibanda took over as chief executive officer at Bulawayo Meat Processing Company (BMPC) in 2003, he immediately set about changing the company's culture. He inherited a company whose earnings per share had, after adjusting for inflation, declined 96% since 2005. BMPC had become an aging, centralised bureaucracy, with a hold-the-fort mentality. no matter how bad things were, BMPC people seemed to be able to rationalise their results by pointing to some company in the industry that was even worse off.

Mr. Sibanda believes strongly in the capability of his people. So the first thing he did was decentralize strategy setting. Staffers were shepherded by hundreds to retreats where they were taught to think strategically. Now, instead of being devised at the head office in Harare, strategy development has been pushed down to the divisions.

Mr. Sibanda has also altered its incentive system. People used to be rewarded based on the size of their unit, their budget or the assets under their control. In the new system, pay for the company's top six fifty people is substantially based on their contribution to profit. Those who do not produce either shape up or get shown the door, the latter being something that never happened before at BMPC. Mr. Sibanda has pared eleven layers of management down to seven. The result has been a 20 percent cut in BMPC's administrative component.

It took four years, but by 2007 the company had succeeded in sharply reducing its costs and in transforming its culture. Between 2003 and 2007 profits improved 54 percent, and operating income as a percentage of sales went from 11 percent to 16 percent. By 2008, profits had climbed another 10 percent and income to sales ratio had increased to 20 percent. But changing culture is a demanding and long-term effort. As one executive put it, "Every day we run into our old culture; it hits you in the face."

#### **QUESTION 1**

- (a) Comment on the statement, "Every day we run into our old culture; it hits you in the face." **[10 marks]**
- (b) Discuss the manageability of culture debate **[10 marks]**
- (c) Discuss the credibility of using such measures as costs and profitability to measure successful installation of a culture. **[ 5marks]**

## **QUESTION 2**

*“Unless new structures are developed to meet new administrative needs which result from an expansion of a firm’s activities into new areas, functions or product lines, the technological, financial and personnel economies of growth and size can not be realized.” Chandler*

Critically discuss this statement.

**[25 Marks]**

## **QUESTION 3**

‘ Companies that most nearly approximate the typical structure for their technology are the most effective. Companies that deviate in either direction from their ideal structure are less successful.’ Quoting relevant local examples discuss the relevance or lack of it, of this statement

**[25 Marks]**

## **QUESTION 4**

‘Research demonstrates that a dynamic environment has more influence on structure than a static environment does. A dynamic environment will push an organization toward an organic form, even if large size or routine technology suggests a mechanistic structure.’ Discuss this statement highlighting the environment-structure relationship.

**[25 Marks]**

## **QUESTION 5**

Using local examples discuss how size affects various dimensions of organizational structure and subsequently the structure itself.

**[25 Marks]**

**QUESTION 6**

*“... while there are constraints on managerial decision discretion, managers still have significant latitude for making choices. Just as they choose objectives, personnel or control techniques, managers also choose the organisation’s structural design.” Child*

Discuss

**[25 Marks]**

**QUESTION 7**

With the aid of any model discuss how structural change can be managed in organisations.

**[25 Marks]**

**END OF EXAMINATION**