

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY



FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

ORGANISATIONAL DESIGN – CBU 4110

First Semester Examination Paper
December 2014

This examination paper consists of 6 pages

Time Allowed: 3 hours 30 minutes

Total Marks: 100

Examiner's Name: Mr M Nyathi

INSTRUCTIONS TO CANDIDATES

1. Answer question **One** and any other **Three** questions from Section B.

INFORMATION TO CANDIDATES

1. All questions in Section B carry **20 marks**.
2. Questions may be answered in any order.
3. Credit will be given for the use of appropriate examples.
4. This paper contains seven questions.

MARK ALLOCATION

QUESTION	MARKS
1.	40
2.	20
3.	20
4.	20
5.	20
6.	20
7.	20

SECTION A

Question 1

Case Study: Reserve Bank of Zimbabwe Restructures

THE Reserve Bank of Zimbabwe has announced a restructuring programme that will see the streamlining of operations and a change in the organogram under a new strategy termed “Back to Basics” meant to improve efficiency and ensure the central bank performs its core monetary policy mandate. RBZ Governor Dr John Panonetsa Mangudya, in a memorandum written to all the bank staff dated 1 July 2014, said the strategy would take the bank forward and pursue the bank’s major functions. The changes were effected at the beginning of this month.

He said due to the many challenges the economy had gone through, it was no longer possible to continue with the developmental strategy that the bank pursued in the last 15 years. “We need to change course,” he said.

Dr Mangudya said the “back to basics” programme was a strategic change programme to financially stabilise the bank, adhere to good corporate governance, restore credibility and regain trust from stakeholders, sharpen focus and create a coherent team. He said the major changes in the new organogram will see international relations division been subsumed in economic research division, the strategic planning division being removed from the structure and staff from the division being absorbed in the other divisions.

The bank secretary portfolio has been amalgamated to include legal services and corporate affairs and the term senior division chief has been replaced by divisional director. “Dr Millicent Mombeshora is retiring from the bank. I would like to express my sincere gratitude for her dedication to the duty during her tenure with the bank and wish her well in her future endeavours,” said Dr Mangudya. Dr Mombeshora was the head of strategic planning and special projects in the Governor’s office.

However, according to the organogram, the central bank will retain two deputy Governors. There will be six directors heading different portfolios. The portfolios are Economic Research, Human Resources and Support Services, Exchange Control, Bank Supervision, Finance and Procurement and Financial Markets. The RBZ chief also said the bank had a role to play as enshrined in the constitution and this function calls for the bank to develop key strategies that will assist in mobilising resources.

Some of the key functions of the reserve bank would be to license and regulate the financial system, to formulate and implement monetary policy, safeguarding the national payments system, providing monetary and economic policy advice to Government, to act as banker and financial advisor to Government.

He said measures put in place would help in the “resuscitation of the lender of last resort function, commencement of the interbank market and capitalisation of the bank”. He said the bank was attending to the outstanding staff issues relating to the payment of outstanding back pay for staff and the payment of retrenchee obligations.

Dr Mangudya, an economist and former CBZ Holdings chief executive, was appointed to head the central bank effective 1 May. He took over from Dr Gideon Gono who stepped down from the RBZ last year after serving for 10 years.

(Source: Sunday News / Sunday, July 13, 2014.)

Required:

(a) Address the issues being targeted by this restructuring effort. **[10 Marks]**

(b) ‘The Reserve Bank of Zimbabwe has announced a restructuring programme that will see the streamlining of operations and a change in the organogram under a new strategy termed “Back to Basics” meant to improve efficiency and ensure the central bank performs its core monetary policy mandate.’ Is this statement an indictment on the former governor’s tenure and legacy at RBZ or organizational politics at play? **[10 Marks]**

(c) ‘.....a change in the organogram under a new strategy termed “Back to Basics” meant to improve efficiency and ensure the central bank performs its core monetary policy mandate.’ Is strategy determining structure? Discuss. **[20 marks]**

SECTION B

Question 2

‘The environment has become so complex and turbulent in recent years such that any debate about its role in determining structure is a mere academic exercise rather than a value adding one.’ Evaluate this statement. **[20 Marks]**

Question 3

‘The more sophisticated and complex the technology of an organisation, the more elaborate the structure becomes.....’ Elaborate. **[20 Marks]**

Question 4

Caselet: ‘Coping with ‘Big Bang’ in the investment banking industry’

In 1987 the computerisation and reform of the UK stock exchange- referred to as -‘Big Bang’- was designed to attract internationally mobile investment money to London. The reforms allowed banks and other outsiders into the stock market for the first time.

Commercial banks, which had little or no experience of securities and investment banking, attempted to catch up quickly by paying huge salaries to attract experienced staff and acquiring broking and jobbing firms at high cost.

As a result, many banks ended up with an unsustainably high cost structure and no real depth of underpinning to this new area of business. Eventually banks had to accept the reality that their new investment banking subsidiaries were complex multiproduct, international businesses which needed skilled management and sophisticated control and information systems. Four types of changes were introduced in many banks:

- The traditional commercial banking managers had to become more experienced at managing in a trading situation. Equally, the stockbrokers- who had been used to managing their own small businesses- had to develop skills of management in the much larger business situation. Both of these were achieved through a combination of on-the-job experience, training and bringing in some new blood from outside the industry.
- As competition for staff diminished, remuneration policies were shifted; the golden packages available immediately after 'Big Bang' disappeared. Although payment by results remained a key aspect of pay, there was a move away from rigid formulae driven bonuses to the use of discretionary bonuses. Some firms also experimented with equity schemes as part of the remuneration package.
- Piecemeal systems developed immediately after 'Big Bang' were drawn together and integrated as management demanded better information to help them to assess and control the risk profile of their investment strategies.
- Major structural changes occurred in many organisations. Immediately following 'Big Bang' the component elements (functions) of investment were left alone to trade as they had in the past. But slowly these functions were integrated as part of the need to reduce cost and cut out duplication. The philosophy had also started to break down the barriers between trading and other aspects of traditional banking- for example, drawing together securities and corporate finance functions.

(Source: United Kingdom, Financial Times, 4 November 1991)

Required:

Identify the imperative being referred to in this mini-case and discuss its relevance as a determinant of organisational structure. (Use the mini-case to aid your discussion.)

[20 Marks]

Question 5

‘To be cost efficient and competitive, an organisation may need to adopt structural properties similar to those of other organisations in its industry or its market niches or that of organisations following similar strategies.’ Build an argument for and against this statement.

[20 marks]

Question 6

‘The National University of Science & Technology and Solusi University are two academic institutions with more differences than similarities. Not only are they founded upon different ideologies and values, they are also positioned differently in the market. Explain the similarities in structure of these two seemingly diverse institutions.

[20 Marks]

Question 7

‘Managers waste a lot of financial resources going for ‘strategic retreat meetings’ meant to craft organisational competitive blueprints.’ ‘It’s so simply, managers must manipulate their structures to achieve a position of competitive advantage. To what an extent do you agree or disagree?’

[20 Marks]

END OF EXAMINATION