

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS MANAGEMENT**

**BACHELOR OF COMMERCE (HONOURS) DEGREE IN MANAGEMENT**

**ORGANISATIONAL DESIGN – CBU 4110**

**SUPPLEMENTARY EXAMINATION – AUGUST 2013**

**TIME ALLOWED: 3 HOURS 30 MINUTES**

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**INSTRUCTIONS TO CANDIDATES**

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

**INFORMATION TO CANDIDATES**

- i) Section A carries **40** marks
- ii) All questions in Section B carry **20** marks each
- iii) Questions may be answered in any order
- iv) Credit will be given for the use of appropriate examples
- iv) This paper contains **Seven** Questions

**SECTION A**

**QUESTION 1**

**A NEW CULTURE AT BMPC**

**Coca Cola Case Study**

The basic proposition of organisation design at Coca Cola has been simple, concrete and enduring. When the organisation brings refreshment, worth, happiness and fun to the management, to Coke's stakeholders, then the design will become productively nurture and protect brands, particularly Coca-Cola products. The effective team behind long lasting organisation at Coca Cola has been at the core of the business fulfilling an obligation to provide time after time

attractive returns to the owners of commerce. It can be that some business companies and organisations learn from experience as such how Coca Cola balance the need to achieve agreement on organisation design and interpretation base correctly. There provide possible insights into possibilities for and problems of learning from fragments of business design process and execution (Foust, Dean and Rubin, 2000; Hays, 2004).

The competitive potential at Coke may embed innovative technology even if not always captured by Coca Cola's organisation innovator. The Coca Cola organisation design to build or access competitive capacity in activities, such as products manufacturing, which are complementary to the business innovation. Effectiveness of Coca Cola's design will allow investments in their research and development as the company is willing to invest into developing certain opposite capacities of the management. There can relate to the understanding sources of competitive advantage for Coca Cola's design such as towards the relationship between Coke's environmental opportunities and threats as being determined by the company's noticeable SWOT analysis.

For comprehensive account to the recent Coke organisation design, during the year 2003, Coke slashed another 1,000 jobs (Foust, Dean and Rubin, 2000; Hays, 2004) from payroll, half of them at headquarters, Coca Cola was the recipient of negative publicity when it was revealed that several midlevel employees had rigged marketing test for Frozen Coke done at Burger King restaurants in the Richmond, Virginia, area. The Coca Cola's structure were being faced with many of the same challenges that his predecessor struggled with little success to overcome: improving marketing, forging better relations with the company's bottlers, and satisfying consumer demand for more healthful beverage products, particularly of the noncarbonated assortment (Foust, Dean and Rubin, 2000; Hays, 2004).

In addition, Coca Cola have improved as well as secured relationships with suppliers using few tactics such as minority ownership or strategic alliances. The most optimal method would be to use backward vertical integration and purchase

a supplier. The result of strategy would allow the company to keep profits that used to be earned by the supplier, save on costs, have reliable source of supplies. Besides the actual purchase of the organisation, another costly aspect of vertical integration can be the high technical costs (Fox, 2007; Annual Report, 2006) so, Coca Cola's organisation design has characteristics of natural and mechanistic representation.

The organisation has more centralized structure, however in recent years there has been movement towards decentralization. Coca Cola believes that if they analyze sales based on volume growth, an indicator of trends at the consumer level (Annual Report, 2006). Coca Cola Company has been focused on being a more responsible global citizen (McKay, 2007; Corporate Responsibility Review, 2006). The organisation's divisional managers run company operations in a general region of the globe, function of each vice president are divided into functions such as human resources, marketing as well as public affairs and communication (Reuters.com).

Coca Cola realize the need to meet ever changing demand of customers. Thus, by allowing decisions to be made on a more local level, the organisation can quickly respond to changing market demands, and high level management can focus more on long term planning. There was about Isdell's changes that led to increased growth rates for the organisation, and return on equity for stockholders went from negative return to 20 percent return (Fox, 2007). The balance is essential, because it allows employees some flexibility, but also gives the organisation some predictability (Fox, 2007). Coca Cola organisation design has been hybrid of mechanistic and organic models for instance; focal point of Coca Cola is towards responsiveness upon integrating mechanisms within the business operation.

***Source: Hays, Constance L., The Real Thing: Truth and Power at the Coca-Cola Company, New York: Random House, 2004,***

**REQUIRED:**

(a) *'The Coca Cola's structure were being faced with many of the same challenges that his predecessor struggled with little success to overcome: improving marketing, forging better relations with the company's bottlers, and satisfying consumer demand for more healthful beverage products, particularly of the noncarbonated assortment (Foust, Dean and Rubin, 2000; Hays, 2004).'*

With reference to the above statement discuss how Coca Cola has used its organisation structure as a strategy to compete in the market.

**[10 marks]**

(b) *'The organisation has more centralized structure, however in recent years there has been movement towards decentralization.'* Discuss the possible reasons for this move by Coca Cola (NB:- Allude to the advantages that Coca Cola intends to achieve by this move).

**[10 marks]**

(c) *'Structure determines strategy.'* Evaluate this statement by referring to this case and other research findings.

**[20 marks]**

**SECTION B**

**QUESTION 2**

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

**[20 Marks]**

### **QUESTION 3**

' Companies that 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. **[20 Marks]**

### **QUESTION 4**

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

**[20 Marks]**

### **QUESTION 5**

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

**[20 Marks]**

### **QUESTION 6**

*"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 cannot be realized." (Chandler, 1961:89)*

Analyse this statement.

**[20 Marks]**

### **QUESTION 7**

*"... 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, 1967:45)*

Discuss.

**[20 Marks]**

**END OF EXAMINATION**