

IMPROVING ORGANISATIONAL PERFORMANCE: AN ANALYSIS.

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Student Name: Maddichetti Vimal

Student ID:2207918

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Table of Contents

1.0 Introduction
2.0 Main findings
2.1 Organisational structure
2.2 Organisational culture
2.3 Communication with stakeholders
3.0 Conclusion
Reference list

1.0 Introduction

“Organisational performance” is a direct indicator of the condition of the company in terms of business growth, profitability and retaining its sustainability in the long run. Effective leaders and executives always find ways to ensure constant improvement in the business process to achieve a greater level of success despite the successful running of the organisation (Goldstein and Behm 2004). The leaders want to achieve it by utilising the full potential and capability of the workforce and other resources involved in the business operation of that organisation. By implementing necessary changes in the organisation, analysing the “whole system approach” and evaluating the results, leaders often achieved tangible and significant growth along with improved performance within a short period of time.

“Organisational performance” can be described as the organisational output an organisation shows based on several metrics throughout a specific period of time. It also illustrates the capability of an organisation to achieve its “goals” and optimise the end result (Prabhakar and Savinkina 2018). The performance of an organisation is measured in several metrics such as “product leadership”, “client intimacy”, “financial performance” and “operational excellence”. Managing the performance of an organisation is essential as it helps to align the resources, employees and systems within an organisation through both the informal and formal processes in order to achieve its “strategic objectives” (Mckinsey.com. 2022).

“Organisational structure” is the framework which outlines the directions of the activities performed within an organisation in order to achieve “organisational goals”. A structured method present in the organisation helps the organisation to guide its employees and maintain the flow of the work performed by the employees (Stalphy 2020). It is beneficial for teams or groups within an organisation as well as it helps to manage tasks and overall functions of the members. An effective and well-defined structure of an organisation paves the way for improved performance and enhance “excellence” in the organisation. “Organisational culture” can be described as the beliefs, attitudes and value systems the company follows which in turn influence the behaviour of the employees and interaction among them within the organisation. “Organisational culture” is an important aspect which influences the motivation level of the employees within the organisation which encourages them to act toward achieving the “organisational goals” (Halim, Ahmad and Ramayah 2019). A positive “organisational culture” results in increased productivity and increased level of motivation among the employees which is also beneficial for the overall performance of the organisation. Thus, the structure and culture of an organisation are directly linked with the overall performance of the organisation. Effective communication with the stakeholders also contributes to the increased performance of the organisation.

The report aims to analyse how “organisational structure”, “organisational culture” and effective cooperation with the stakeholders can result in the enhancement of the overall “organisational performance”. The relationship between culture, structure, people and the overall performance of an organisation will be analysed in the following study. The ways by which business organisations can implement collaborative and cooperative approaches to work with a wide range of stakeholders will also be analysed in the study. Several factors which influence the change in the behaviour of different employees will be discussed and how the impact of these factors can be reduced by different approaches to increase “engagement” among the employees will also be addressed in the study.

2.0 Main findings

2.1 Organisational structure

The structure of an organisation influences its “organisational culture” which in turn impacts the overall performance of that organisation (Paaïs and Pattiruhu 2020). The structure of the organisation provides a direction to the employees based on which the employees perform their actions in order to achieve “organisational goals”. Effective “organisational structures” define the roles and responsibilities of every employee of every level clearly which help the employees to perform their actions more effectively without any confusion. There are mainly four types of organisational structures which are prevalent in the business scenario. They are “flat”, “divisional” or “multi-divisional”, “matrix” and “functional” respectively which help to define the hierarchy of the organisation.

“Functional” organisational structure is also known as “Bureaucratic structure” which compartmentalises an organisation based on the “specialisation” of the “workforce”. Compartmentalising the organisation into several departments such as sales, marketing, human resource, operations etc. indicates the company is following the “functional structure” in its organisation (Cimini et al. 2020). Most small-to-medium business organisations use this structure in their businesses which makes it the most common type of structure. Large organisations which have many “business units” in several geographical locations generally follow the “divisional” or “multi-divisional” structure within their organisations. This type of structure builds effective teams under efficient leaders based on the projects or products. The concept of a “flat” structure or “horizontal structure” is comparatively new and is majorly used by “new-edge” start-ups in their organisations. “Flatarchy” flattens the “hierarchy” and subsequent “chain of commands” and provides the employees with a significant amount of autonomy. It enables increased employee engagement and establishes good relationships among the employees (Terzić 2018). The implementation of any change in the process is comparatively less time-consuming in this type of structure. “Matrix structure” is a confusing and complex structure where the roles of the employees are not clearly defined and the roles of the departments are not well compartmentalised.

A variety of factors such as “business goals”, the type of “industry”, and “culture” of the organisation etc. need to be considered by the higher authorities when deciding the structure of an organisation to find out the best-suited one for the company. Thus, “organisational culture” and “structure” are inseparable from each other and both of these impact the overall performance of the organisation. The study by Goldstein and Behm (2004) illustrates that a “highly participative approach” among the employees within an organisation is associated with a greater level of “employee engagement”. It also increases the commitment of the employees and their active participation in future actions. Strengthening the relationships among different organisational departments or groups can be achieved only within a “well-structured work environment” where the common “organisational goals” unite individuals and motivate them to work toward achieving despite the presence of differences among them (Goldstein and Behm 2004).

2.2 Organisational culture

This section focuses on the impact of “organisational culture” on facilitating the performance of the employees. The presence of a positive culture within an organisation is associated with a higher level of job satisfaction among the employees which in turn reduces the number of employee turnover and increases the productivity of the entire workforce (Obeidat et al. 2018). As discussed above, the new-edge start-up companies are focusing on a “horizontal” or “flat” structure of the organisation which enables establishing good relationships among the employees within a less period of time. Good relationships among the employees motivate them to work collaboratively and cooperatively to achieve the “organisational goals”.

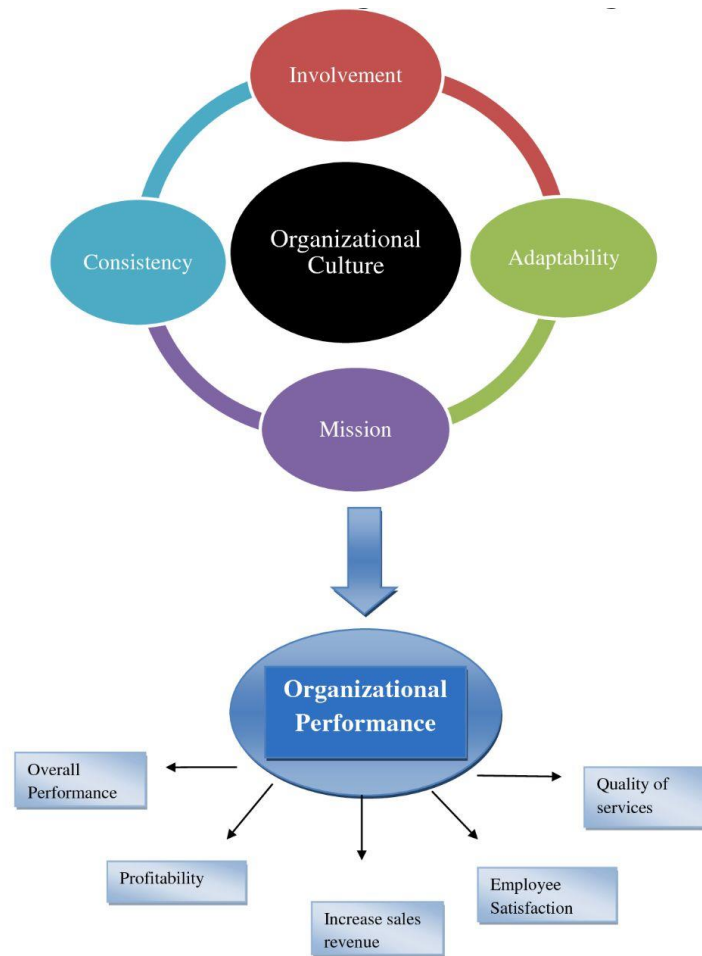


Figure 1: The relationship between “organisational culture” and “organisational performance”

(Source: Semanticscholar.org. 2022)

The study by Goldstein and Behm (2004) first identified the lack of synchronisation among the managers of different departments within the discussed organisation which created confusion among the managers about the roles of others. It was also observed that managers of different departments were blaming other departments for any flaws identified within the process. Thus, to obtain the greatest value from utilising the resources, the main focus was given to executing improved “cross-functional process” in the core operations in order to enhance “customer satisfaction”, “profitability” and “quality”. The company eventually focused on enhancing “employee engagement” and building “collaboration” among them in order to establish “excellence” within the process. A “collaborative approach” also results in less resistance during the implementation of a “change” within the organisation (Harrison et al. 2021).

Motivation plays a significant role in increasing the “productivity” of the employees and establishing a positive and effective “organisational culture” is associated with the increased motivation of the employees. The employees then perform to their full potential to meet the “operational standards” of the organisation. The motivational level of the employees and their mindset toward working for achieving “organisational goals” help to decide the perseverance, performance and productivity of the employees (Bose and Emirates 2018). This in turn results in improving the overall performance of the organisation as the employees are one of the major drivers of a business organisation.

A positive culture within the organisation also helps to increase the “self-confidence” of the employees which enhances their involvement in the operations. Motivated employees are more dedicated to achieving goals and adapting to the necessary changes to ensure better profitability and sustainability of the organisation (Katsaros, Tsirikas and Kosta 2020). Embedding an “inclusive culture” within the organisation helps the employees to work effectively to their full potential without the fear of being discriminated against due to their race, ethnicity, sexual orientation, socioeconomic status etc. (Tran and Choi 2019). It prevents the negative impact of these external barriers within the workplace which allows the employees to perform more effectively and consistently without much distraction.

2.3 Communication with stakeholders

Stakeholders can be individuals or a group of people or even organisations who have some specific interest in a business and also their roles impact the overall outcome of that business (Zárate-Rueda, Bautista-Zárate and Beltrán-Villamizar 2021). The interest of the stakeholders mainly evolves around the success of the business and the stakeholders can be from both outside and inside of the organisation. The different stakeholders of an organisation can be the employees, investors, CEOs, government bodies, shareholders, suppliers, consumers, trade associations, local communities etc. “Internal stakeholders” are those who have direct relationships within the organisation in terms of investment, ownership, employment etc. (Nyagadza, Kadembo and Makasi 2020). The “external stakeholders” are not directly involved in the actions of the organisation but get affected by the performance or outcomes of the company. The suppliers, consumers, and people from local communities are some examples of “external shareholders”.

Cooperation with the different stakeholders plays a significant role in enhancing the overall performance of the organisation. Also, fragmenting the end goal into small goals and attaining those smaller goals one by one helps to increase the motivation level of the employees and align their actions according to those goals (Goldstein and Behm 2004). Effective communication with the stakeholders is essential as they play significant roles in the organisation. Many “organisational operations” rely on the capability and effectiveness of the external stakeholders to work together collaboratively toward achieving the “organisational goals”. The external stakeholders also indirectly impact the growth and profitability of the business. Customers as external stakeholders can change their “purchasing decisions”, the government can change policies, or suppliers can change their distribution process which can significantly impact the

business. Thus, the cooperation of all the stakeholders is extremely important for the smooth running of the business (Antikainen and Bocken 2019). The organisation also needs to work collaboratively with the stakeholders to build a good relationship and achieve improved “organisational performance” over time.

3.0 Conclusion

The importance of “organisational structure” and “organisational culture” in improving the overall performance of the organisation has been discussed in the following study along with addressing the interrelationship among those. The significance of effective communication with the stakeholders and their importance in the performance of an organisation are also addressed. A positive and healthy “organisational culture” helps the organisation to build a well-defined structure. It also increases the productivity and performance of the employees and motivates them to act toward achieving the “organisational goals” dedicatedly. In this way, the organisation can utilise its workforce to its full potential. On the other hand, a well-defined “organisational structure” helps to establish an effective culture within the organisation which allows the employees to increase their “self-confidence”. It results in increased participation of the employees in the organisational process. Collaboration and cooperation among the employees along with effective leadership also help to increase ‘employee engagement’ which motivates them to work together to achieve a common goal of the organisation and establish excellence in the organisational outcomes. The role of the stakeholders in improving the performance of the organisation is also inevitable and cooperation among the stakeholders allows enhancement in the overall performance of the organisation in the long run.

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