

CHAPTER 1

BACKGROUND AND DEFINITION OF THE PROBLEM

1.1 Introduction

The business environment of the twenty-first century is foreseen to be characterised by the rise of a knowledge-based, multicultural, multiskilled and mobile workforce; the proliferation of sophisticated telecommunications technology; and increased consumer demands. Professional communicators can play a significant role in preparing organisations for the challenges of the future by looking at themselves and their organisations from a new point of view (Grates, 1998: 7).

Corporate public relations, according to Howard (1995: 5) has gone through many changes since the 1960s. One of the trends identified by Howard (1995: 5) that has transformed the roles of public relations practitioners over the last few decades, is that public relations has become accepted as a valued management and strategic function. This translates that PR professionals are tasked, not just with answering journalists' questions and writing annual reports, but to participate in communications strategy planning, organisational change and consultation (Howard, 1995: 5). This, however, has provided managers of public relations departments with new challenges. One of them is the focus that is being placed on the organisation and structuring of the department, according to a research study that was done by Corporate Communication Studies (2000).

Organising and structuring is also changing because the structure of the majority of traditional businesses that was based on command and control and anchored in ownership, is being replaced by other relationships such as strategic alliances, joint ventures, outsourcing, partnering, and marketing agreements. These relationships depend on the common understanding of objectives, policies and strategies; on teamwork; and on persuasion. Many of the new relationships are temporary and *ad hoc* compared to the permanence of the old command-and-control organisation (Drucker, in Hesselbein *et al.*, 1997: 2).

The aforementioned changes as well as the existing perception, namely that it is the “end of organisations” according to him might prove to be a challenge in organising and structuring communication in an organisation. He is however of the opinion that *organisations* will be needed more than before as the increasing emphasis on flexibility and variation, demand more clarity in terms of mission, values, strategy and who is in command in a crisis situation. Only what is meant by *organisations* is changing. The first definition of organisations was based on how different work is being done. The approach that is now emerging places the emphasis on achieving results *outside*, that is, to achieve performance in the market. The purpose of the organisation is therefore to utilise the strengths of people effectively and make their weaknesses irrelevant (Drucker, in Hesselbein *et al.*, 1997: 5).

It is clear that changes are taking place in the business environment and trends are emerging, which has forced managers to change their viewpoints on past procedures and focus more on what should be done to stay competitive in the future. The organisation of the communication department to meet new challenges is just one of the issues to consider. The research will therefore propose a framework for structuring the communication in an organisation to ensure a more integrated approach. To understand why integration is more important than a single function focus, a background will be given on the following:

How the organisation of the future will look; the changing paradigm that is needed for organisational success; the organisation of the public relation function: and the nature of interaction between public relations and marketing. Furthermore an overview will be given of the concept of integrated communication and the role of the World Wide Web in the integration process.

After the background and literature review the problem statement, purpose of the study, method of study and research objectives will be discussed. A further outline of the different chapters that will form part of this research study will be given in section 1.11.

1.2 The organisation of the future

Dramatic changes in the business environment – deregulation, new technology and the growth of information technology, global competition, the shift in customer expectations, delayering and flatter structures – stress the irrelevancy of the old ways of doing business. New demands are being imposed on business managers because of the volatile business environment (Prahalad, *in* Ashkenas, Ulrich, Jick and Kerr, 1995: xiii). To succeed in this environment, leaders need to rethink the traditional ways of doing business (Bossidy *in* Ashkenas *et al*, 1995: xix). A re-examination at both corporate and business level strategies is necessary. Managers have to re-assess the capabilities of their organisations to execute the new and often complex strategies (Prahalad, *in* Ashkenas *et al*, 1995: xiii).

In the re-assessment process capturing a snapshot of organisational life can be achieved through the study of structure. The prevailing view of organisational structure is embodied within the concept of policies, prescription of authority, and hierarchies of responsibility. Termed **structural frameworks**, these allocations of work roles and administrative mechanisms allow organisations to conduct, co-ordinate, and control their work activities (Rapert & Wren, 1998: 287). Attending to the complexities of organisational structure is critical in developing a framework for structuring the communication function. Grunig (*in* Grunig, 1992c) pointed it out in the 70s by stating that: “The behaviour of the public relations practitioner is largely determined by the structure of the organization and the practitioner’s role in that structure”.

Structure is therefore important but what is more important in today’s changing environment is that people who can make a contribution needs to be encouraged to do so without the permission of a central authority. Traditional boundaries – status, role, organisational level, functional affiliation, and geographic location – are less relevant than getting the best people to work together effectively (Bossidy, *in* Ashkenas *et al*, 1995: xx).

The reason why flexibility is more important than a rigid structure is because the competitive landscape is changing and taking on a new shape.

Strategic discontinuities – elimination of industry boundaries, major advances in logistics, computer aided design (CAD), opening of global markets, deregulation, Information Technology (IT), technological advances, re-focusing on core competencies and capabilities, and organisational re-design – are changing the nature of competition. Standard management thinking, according to Hitt, Keats, and DeMarie (1998: 22), was based on a time and environment that was more static and smooth. Boundaries and competitors were more easily identified. Organisations are however faced with a new competitive landscape that is constantly changing. Organisations must therefore develop new strategies and new ways of organising to deal with this complicated environment.

In order for organisations to survive they need to use the latest technology, continue to develop new technology, actively participate in global markets, structure themselves to gain advantage in these markets, develop and maintain strategic flexibility, and build a long-term vision that allows managers to balance short-term performance with long-term needs. To do so, revision of standard management thinking and strategic process is required. In other words, a continuous rethinking of current strategic actions, organisation structure, communication systems, corporate culture, asset deployment, and investment strategies are required.

They are of the opinion that the new competitive landscape has lessened the value of vertical structures. Traditionally, the most common structures were vertical and often rigidly hierarchical with sequential operations and coordination among the various functional units. These structures tended to be slow in developing and implementing decisions. Organisations are therefore beginning to develop flatter and more horizontal structures to enhance innovation and speed of strategic actions (Hitt *et al.*, 1998: 40).

Organisations that wish to take advantage of the innovative and speed properties of a horizontal structure will have to use more formal integrating mechanisms instead of relying on the more traditional hierarchical structures. Co-ordination in these structures is achieved through establishing standards, developing plans and schedules, and encouraging mutual adjustment by functional units.

The more formal integrating mechanisms that are needed, are boundary spanners, task forces, teams, integrating committees and sophisticated information networks (Hitt *et al.*, 1998: 40).

In the early 1990s Mink, Schultz, and Mink, (1991: 7) predicted that the organisation of the future would be based upon the principle of adaptability rather than predictability. Structures that are flexible can adapt more effectively to the changing needs of business processes. Driving organisations put the necessary resources in the hands of the people who need them. As customer needs, competitors, and people change, the structure changes. According to McGill and Slocum (1994: 93) permeability and flexibility give rise to network intimacy.

Open-systems theory suggests that organisations select organisational structures that optimise the organisation's ability to adapt or control environments. Organisations should develop optimum structures that allow the organisation to cope with inter-penetrating systems especially in a complex, turbulent, and threatening environment. Those structures should be decentralised, organic and flexible (Dozier & Grunig, *in* Grunig, 1992b).

Flexibility may also imply that the organisation must adopt and practice organisational learning. Senge (1994) argues that organisations are products of the ways people in them think and interact. To change organisations for the better, you must give people the opportunity to change the way they think and interact. This cannot be done through increased training, or through command-and-control management approaches. No one person can train or command other people to alter their attitudes, beliefs, skills, capabilities, perception or level of commitment. Instead, the practice of organisational learning involves developing tangible activities; new governing ideas; innovations in the infrastructure; and new management methods and tools for changing the way people conduct their work. Given the opportunity to take part in these new activities, people will develop an enduring capability for change. The closeness about relationships in a learning organisation is also reflected in proximity where key business process players are physically combined in teams. People and decision-making authority are structured as close as possible to business processes.

The above discussion emphasised the fact that environments are changing and new strategies for organising and structuring are needed. Technologies should be used and focus should be placed on flexible organisations rather than on command-and-control approaches. McGill and Slocum (1994: 93) have established that organisations that have taken leadership in their industries have done so by using the structural themes of permeability and flexibility to enhance and expand their experience. This has provided them with the necessary competitive advantage. A changing paradigm is therefore needed to move away from boundaries imposed by traditional ways of thinking.

1.3 A changing paradigm for organisational success

Boundaries have always existed within organisations. People specialising in different tasks, different levels of authority and different work under different conditions, create traditional boundaries. Boundaries are necessary for an effective organisation. Ashkenas *et al.* (1995: 4) propose that boundaries must be made more permeable so that a greater fluidity of movement will be allowed throughout the organisation. The organisation in its whole must function better than each of the separate parts (Gestalt phenomenon). This translates that over time the placement of boundaries in an organisation may shift. Levels might decrease and functions may merge to combine skills.

They also purported that factors contributing to organisational success in the past have become liabilities. They identified new factors necessary for competitive success.

The critical factors that influenced success for much of the twentieth century were:

- **Size:** The larger an organisation became, the more it was able to attain production or service efficiencies, leverage its capital and put pressure on customers and suppliers.
- **Role Clarity:** Tasks were divided and subdivided in order to get work done effectively. Clear distinctions were made between levels of authority.

- **Specialisation:** Specialities were created or encouraged with the subdivision of tasks. Finance, planning, human resources, and information technology for instance, became disciplines in their own right.
- **Control:** A major role of management was to control the work of others.

The new success factors according to Ashkenas *et al.* (1995: 6) needed for competitive success are:

- **Speed:** Successful organisations respond more quickly to customers, bring new products to the market faster and change strategies more rapidly.
- **Flexibility:** Organisations that move quickly are flexible. People must be multiskilled, they need to constantly learn new skills, and willingly shift to different locations and assignments. Flexible organisations revel in ambiguity, throw out job descriptions, and thrive on *ad hoc* teams that form and reform as tasks shift.
- **Integration:** The organisation creates mechanisms to pull together diverse tasks and activities as they are needed. It focuses more on how best to accomplish business or work processes and less on producing specialised pieces of work that management will eventually pull together.
- **Innovation:** Successful organisations find innovation essential. They create innovative processes and environments that encourage creativity.

The old success and new success factors are summarised in table 1.1.

TABLE 1.1 SHIFTING PARADIGM FOR ORGANISATIONAL SUCCESS

Old success factors	New success factors
Size	Speed
Role clarity	Flexibility
Specialization	Integration
Control	Innovation

Source: Ashkenas *et al.* (1995: 7)

Prahalad (1999) agrees that the 90s has been characterised by a significant and discontinuous change in the competitive environment. He contributes it to several factors such as the global trend to deregulate and privatise; technological convergence that are disrupting industry structures; the impact and the spread of the World Wide Web and Internet and the emergence of non-governmental organisations such as the green movement.

He identifies four transformations that will influence business models in the decades to follow, namely the expansion of strategic space available to organisations; globalisation of businesses; speed as a critical element; and innovation as a new source of competitive advantage. A new mindset is therefore needed.

Managers must realise that they can influence the competitive environment. Industries evolve around what managers do. Amazon.com and e-Bay (commercial enterprises created as a result of the Internet) that influenced the dynamics of well-established industries can be used as examples. Managers also need to imagine a new competitive space and must act to influence the migration to the future. The key is therefore to adjust and adapt to a given direction. They need to be able to be tactical and be prepared for new obstacles and unforeseen circumstances. Disruptive competitive changes therefore challenge the status quo and those who take up the challenge and proactively change will create the future.

Kotler (2003: 39) concurs by pointing out that the changes in technology and economy are eliciting a new set of beliefs and practices among organisations. His viewpoint on how the business beliefs in the old economy are shifting is illustrated in table 1.2.

TABLE 1.2: OLD ECONOMY VERSUS NEW ECONOMY

Old Economy	New Economy
Organise by product units	Organise by customer segments
Focus on profitable transactions	Focus on customer lifetime value
Look primarily at the financial scorecard	Look also at marketing scorecard
Focus on shareholders	Focus on stakeholders
Marketing does the marketing	Everyone does the marketing
Build brands through advertising	Build brands through performance
Focus on customer acquisition	Focus on customer retention
No customer satisfaction measurement	Measure customer satisfaction and retention rate
Over-promise, under-deliver	Under-promise, over-deliver

As illustrated by table 1.2 business beliefs are shifting (Kotler, 2003: 38):

- ***From organising by product units to organising by customer segment.*** This means that a shift is taking place from being product-centred to being customer-segment centred.
- ***From focusing on profitable transactions to focusing on customer lifetime value.*** New economy organisations focus on estimating individual lifetime value and designing their market offerings and prices to make a profit over the customer’s lifetime.
- ***From focusing on just the financial scorecard to focusing also on the marketing scorecard.*** Top management in the new economy will not just look at the profit and loss statements but will also examine the marketing scorecard to determine what is happening to market share, customer loss rate, customer satisfaction, product quality relative to competitors, and other measures.
- ***From focusing on shareholders to focusing on stakeholders.*** Management in the new economy will carefully define their stakeholders and develop policies and strategies to balance the returns to all the key stakeholders.
- ***From marketing does the marketing to everyone does the marketing.*** Marketing is too important for a department and every employee has an impact on the customer.

- ***From building brands through advertising to building brands through performance.*** Brands are built by the customer's experience with the brand and word-of-mouth and organisations are recognising that a complete set of tools can help build brands.
- ***From focusing on customer acquisition to focusing on customer retention.*** New economy organisations place more emphasis on customer retention, as attracting a new customer may cost five times more than retaining one.
- ***From no customer satisfaction measurement to in-depth customer satisfaction measurement.*** Customer satisfaction is becoming a priority at an increasing number of organisations.
- ***From over-promise, under-deliver to under-promise, over-deliver.*** New economy organisations realise that customer satisfaction is a function of the match between customer expectations and organisational performance.

Organisations need to retain past skills and competencies but also need to add new understandings and competencies to ensure growth.

Section 1.2 and 1.3 pointed out that the organisation of the future need a changing paradigm for organisational success. Various authors' (Mink *et al.*, 1991; Hitt *et al.*, 1998; McGill & Slocum, 1994; Ashkenas *et al.*, 1995; Prahalad, 1999; & Kotler, 2003) viewpoints in this regard were discussed. Based on the discussion it is clear that the authors agreed on certain factors essential for future success. The shared factors derived from the discussion are speed, flexibility and innovation. These factors will be considered in addressing the primary objective of structuring integrated communication in South African organisations as integration can also be seen as an important factor for future success.

The first part of the literature and background discussion focused on general management principles to highlight the success factors needed for organisations in order to address the primary objective. The second part will focus more specifically on the communication functions in an organisation by discussing the organising of the public relations function, the relationship between public relations and marketing and the different models of public relations. This discussion will form the basis of the secondary research objectives discussed in section 1.9.2

1.4 The organisation of the public relations function

Disagreement exists about the structural architecture of the public relations function that will best promote or enhance the concept of excellence in various organisations. In 1985 Cutlip, Center, and Broom (1985: 79) made the statement that “there is also no general agreement on the working relationship between public relations and the other functions that will be most effective”. They therefore contend that each public relations function must be tailor-made and altered to meet change. Cutlip *et al.* (1994: 58) are still of the opinion that there is a disagreement about what is the best or right structure and place for the public relations function in various types of organisations. Based on this, they still conclude that each internal public relations department must be organised in such a way that it will suit a particular organisation and its unique circumstances.

Grunig *et al.* (1992b) however, in their extensive investigation into what constitutes “excellence” in the management of public relations and communications, set out to answer the question of how public relations should be practiced and organised to contribute most to organisational effectiveness.

They identified a number of important characteristics, namely:

1. Public relations programmes should be managed strategically.
2. There should be a single integrated public relations department.
3. Public relations should report directly to senior management.
4. Public relations should be a separate function from marketing.
5. Communications should adhere to the two-way symmetrical model (which will be discussed in section 1.4.1)
6. The senior public relations practitioner should be a member of, or have access to the organisation’s dominant coalition.
7. The organisation’s “world view” of public relations should reflect the two-way symmetrical model.

Characteristics 2,3,4,5 and 6 will be tested empirically in this study. These characteristics also comply with the criteria, developed by Grunig and Grunig (1998: 141) that are needed for public relations to remain excellent within an integrated communications framework (section 1.7.2):

However as Grunig (1992a) conceded, this set of characteristics of excellence represents an idealistic view of how public relations should be managed and practiced to be most effective. It is therefore unlikely that excellent public relations departments as defined by Grunig *et al.* (1992b) will be found to exist in a vast majority of organisations. The excellence theory could therefore be regarded as largely a normative framework against which the operational practices observed in public relations departments can be compared.

Dozier & Grunig (*in* Grunig, 1992b: 396) use concepts of the open-systems theory to provide a basis for the location of the public relations function in the organisational structure. Their opinion is that organisations differ in terms of the vertical location of the function.

In some organisations the function reports directly to the chief executive officer, whereas others subordinate the function to a lower position where it reports to marketing, personnel, legal or other executives. The function takes the form of a single unit in some organisations, where in others it is spread among different departments and organisational units.

Whatever approach is followed, according to the open-system theory emphasis should be placed on decentralisation and flexibility within the public relations department. Task forces or work groups are then used to solve specific problems. Once the problem is solved, the task force is dissolved. These task forces and teams are made up from the different sub-units of the public relations department as well as from other departments.

The viewpoints of the different authors [Grunig *et al.* (1992b), Dozier & Grunig (*in* Grunig, 1992b) and Cutlip *et al.* (1994)] adds to the confusion in organising the communication in an organisation. A survey of some of the major U.S. organisations done by Corporate Communication Studies (2000: 5) suggests that organising of communication is a critical factor to consider. Managers were asked to respond to a list of eleven communication management issues, and rank them as to how critical they were for a particular department and organisation. The top four priorities, when measured by total number of responses and by most critical responses, were:

- Quantifying communication results in business terms.
- Developing a communication plan that is aligned with corporate priorities.
- Integrating the communications function in the global organisation.
- Organising the corporate communication function for maximum effectiveness.

The research report (Corporate Communication Studies, 2000: 5), based on the selection of these four topics, suggested that there were two overriding priorities for managers of communication departments in major organisations.

First, it is imperative that plan development and result measurement be centred on business priorities, rather than communication priorities. Second, there is a focus on the organisation of the department.

The report (Corporate Communication Studies, 2000) states that the emergence of truly global organisations, the power of the Internet to link people within far-flung organisations, the imperative to outsource many of the tactical aspects of communications, and other factors make the development of an “ideal” department structure and linkage to the organisation exceedingly complex. It is further suggested in the research (Corporate Communication Studies, 2000) that these findings identified a need for further studies to explore the ways that successful organisations are addressing these issues.

It is clear that disagreement exists about the structuring of the public relations function. Some authors (Cutlip *et al.*, 1994) are of the opinion that the starting point must be the organisation and the organisation's needs whereas others (Grunig *et al.*, 1992b) use a set of characteristics to explain how public relations should be organised to contribute to organisational effectiveness. More recent studies (Corporate Communication Studies, 2000) however, indicate that trying to develop an ideal structure will be too complex due to various factors. This research study will however attempt to identify a general framework for structuring communication in an organisation that can be applied and adapted by different organisations based on their different needs.

In identifying a set of characteristics to explain how public relations should be organised Grunig *et al.* (1992b) purported that communications should adhere to the two-way symmetrical model in order for it to be "excellent". The two-way symmetrical model is mentioned throughout the text and also forms part of the secondary research objectives. The different models of public relations will therefore be discussed next.

- **Models of public relations**

Grunig and Hunt (1984: 21) identified four models to describe the different public relations practices that have evolved throughout history:

- press agency;
- public information;
- two-way asymmetrical; and
- two-way symmetrical public relations.

These models were originally conceived as a means of explaining the evolutionary development of public relations. The authors, however, maintained that these models also provide a means of broadly describing and explaining the differences in the way in which public relations is practiced in organisations. They also acknowledge the limitations of the models. The models do not capture the wide variations in modern public relations because they are simplifications and must be treated as such. The chief characteristics of the form of public relations practice described by each of the models are summarised in table 1.3:

TABLE 1.3 CHARACTERISTICS OF THE FOUR MODELS OF PUBLIC RELATIONS

Models	Press Agency/ Publicity	Public information	Two-way asymmetric	Two-way symmetric
Characteristics				
Purpose	Propaganda	Dissemination of information	Scientific persuasion	Mutual understanding
Nature of communication	One-way, complete, truth not essential	One-way, truth important	Two-way, imbalanced effect	Two-way, balanced effect
Communications model	Source → receiver	Source → receiver	Source → receiver ← Feedback	Group → group ←
Use of research	Little if any	Little, readership, readability	Formative, attitude, evaluation	Formative, evaluation of understanding
Current practice	Product, promotion, sponsorship, theatre	Government, non-profit making, associations, businesses	Competitive business agencies	Regulated business agencies

Source: Grunig and Hunt (1984: 22).

Grunig and Hunt (1984) were the first to define four typical ways in which public relations is practiced – four models of public relations, depicted in table 1.3. Since then the four models have been the objects of various research studies by public relations scholars. Grunig and Grunig (*in Grunig 1992b*) reviewed the research being done on the models. They also included in their study the history of the models, the validity and reliability of how public relations is actually being practiced as well as the internal and external conditions that can provide an explanation for this. Based on this review Grunig and Grunig (*in Grunig 1992b*) stated the following proposition:

The two-way symmetrical model of communication is a real as well as a normative model. It is a model that an organisation can use, but often do not use because an authoritarian dominant coalition sees this approach as a threat to its power. Two-way symmetrical public relations, however, epitomises the professional public relations and reflects the growing body of knowledge in the field. This ethical approach also

contributes to organisational effectiveness more than other models of public relations. The two-way symmetrical model as refined here, is therefore a major component of excellence in public relations and communications management.

For the purpose of this research the focus will be on the two-way symmetrical model as it is surmised to be a major component in excellent public relations. The two-way symmetrical model makes use of research and other forms of two-way communication. Unlike the two-way asymmetrical model, the two-way symmetrical model uses research to facilitate understanding and communication rather than to identify messages most likely to motivate or persuade publics. In the symmetrical model, understanding is the principal objective of public relations rather than persuasion (Grunig and Grunig, *in* Grunig 1992b: 289)

Hunter's (2000a) viewpoint (discussed in section 1.6) is supportive to the two-way symmetrical model in the sense that integrated communication requires a shift in focus and that communication management must be conducted from the perspective of the stakeholders.

The main focus of this research is on the integration of communication. Integrated communication (IC) was derived from integrated marketing communication (IMC) and represents a focus on all the organisation's stakeholders and not just the customer.

Marketing has traditionally focused only on the customer as being the most important stakeholder and has therefore earned the criticism of public relations scholars [Grunig & Grunig (1998), Grunig & Hunt (1984), and Lauzen (1991)]. Insight into the relationship between marketing and communication as well as the new concept of integrated communication will be given in section 1.5 and section 1.6.

1.5 The relationship between public relations and marketing

The relationship between public relations and marketing has always been a controversial one. Lauzen (1991: 254) is of the opinion that marketing imperialism threatens the independence of the public relations function. She sees imperialism as the intrusion of one department on the activities traditionally in the domain of another. Ansoff (1987) however, argues that due

to the growing complexity and dynamism of the environment, success depends on a judicious combination of several functional influences. He argues that in the past, successful organisations focused their energies on optimising the performance of one of the principal functions: production/operations, R & D, or marketing. A transition from a single function focus to a multifunction focus is however essential for successful management.

David (1997: 142) agrees by pointing out that a key to organisational success is the effective coordination and understanding among managers from all functional business areas. Failure to recognise and understand the relationship among the functional areas of business can be detrimental to strategic management. He contends that some organisations place too great an emphasis on one function at the expense of others.

In order to explain the relationship between the functional areas of marketing and public relations Kotler & Mindak (1978) postulated five possible models:

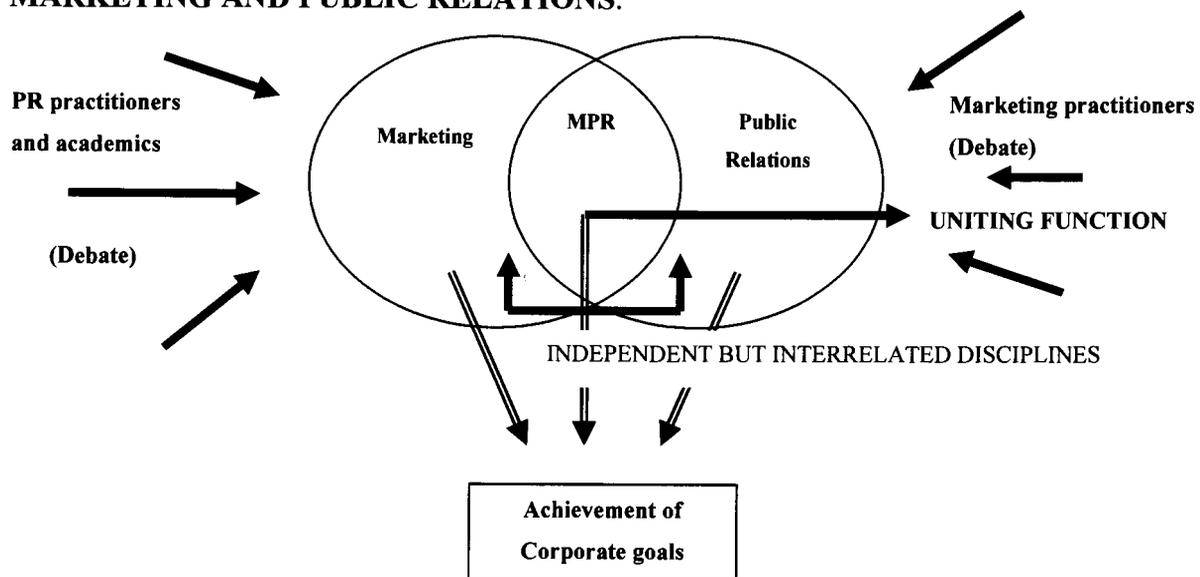
- Separate but equal functions;
- Separate but overlapping functions;
- Marketing as the dominant function;
- Public relations as the dominant function; and
- Public relations and marketing as the same function.

They predicted that the divisions separating these two functions would continue to break down towards the movement along the path of closer convergence.

This viewpoint is not shared by public relations academics such as Grunig and Hunt (1984), Grunig and Grunig (1991) and Lauzen (1991). Grunig and Hunt (1984: 357) perceive it, as being short-sighted when marketing support is believed to be public relations and marketing support should therefore only be a minor part of an organisation's public relations effort. Grunig and Grunig (1991: 257) are of the opinion that when public relations programmes are subsumed into marketing units, it will result in more one way and less two-way communication. They therefore conclude that communication programmes based on marketing theory will not achieve the same results as those grounded in public relations.

Kitchen (1997:254) discusses what he considers to be an ideal model of the marketing/public relations' relationship that can be adopted by businesses. This is depicted in figure 1.1.

FIGURE 1.1: A DESCRIPTIVE MODEL OF THE RELATIONSHIP BETWEEN MARKETING AND PUBLIC RELATIONS.



Source: Kitchen (1997)

The above figure suggests that even though marketing and PR are independent they are also interrelated disciplines.

Each discipline encloses a distinct set of independent activities: Marketing is responsible for market assessment and PR is responsible for community relations. At the same time, some PR activities are shared by both disciplines (Kotler, 1989 and Harris, 1993, quoted in Kitchen, 1997: 257). Marketing public relations (MPR) can therefore be seen as an offspring of the two disciplines of marketing and public relations.

Kotler (quoted in Kitchen, 1997: 258) described MPR as: “A healthy offspring of two parents: marketing and PR. MPR represents an opportunity for companies to regain a share of voice in a message-satiated society. MPR not only delivers a strong share of voice to win share of mind and heart; it also delivers a better, more effective voice in many cases.”

Hunter (1999) is of the opinion that marketing and PR are equal partners. He concluded that both functions contribute towards achieving goals and support each other in doing so. He suggests that future writing on the subject should move away from ‘bashing the respective other function and its advocates and rather focus on the realities of the relationship between PR and marketing.’ Practitioners and scholars should work towards improving this relationship, and thus increasing the effectiveness of managed communication. Hunter’s viewpoint is supportive of Lauer’s (1995: 26) solution to a more integrated approach. Lauer (1995: 26) contends that the majority of corporate leaders find communication results disappointing. The re-engineering of business processes, a focus on service quality and a preparation for increased competition have led them to conclude that the solution to their communication problems would be a more integrated approach.

An attempt has been made towards integration with the concept of integrated marketing communications (IMC). However Wightman (1999: 18) quotes the following proclamation of David Drobis, Chairman and Chief executive officer of Ketchum: “ Integrated marketing communications (IMC) is dead. It died because we never could decide if it was a tool to help sell advertising and public relations agency services or if it was a true, complete communications discipline”.

Wightman (1999: 18) is of the opinion that part of this contentious issue can be attributed to the entrenched tension between marketing and public relations. He argues that one of the most significant issues derailing IMC has been the lack of agreement on a viable organisational structure for its practice.

Schultz (1999: 8) also contributes the failure of IMC to “unsupportive organisational structures”. He views organisational structure as the major obstacle to IMC. “The ‘command and control’ structure of many organizations simply won’t let them integrate – it won’t permit them to combine or merge the systems, activities, people or much of anything else. Everyone and everything has been put in a box, and these boxes are connected with solid lines (and, in some cases, dotted ones). Those lines have become the straightjacket in which the firm has encased itself no movement, no change, no chance for integration” .

IMC has been given a new life according to Wightman (1999: 18), as the concept of integrated communications (IC). This term symbolises the new focus of the discipline on integrating the communications functions to communicate to all of an organisation's stakeholders and not just its customers.

Integrated communications seems to be the solution to the confusion that exists between marketing and public relations. The organisational structure however still seems to impose restrictions on the implementation of the concept. The research will therefore attempt to propose a framework to structure integrated communication. The concept of integrated communication as well as the different models proposed so far will be discussed in detail in chapter 4. Section 1.6 will therefore only provide a brief insight into the concept as it forms part of the primary and secondary research objectives discussed in section 1.9.

1.6 Integrated Communication

Gronstedt (*in* Thorson and Moore, 1996:302) explains the theory of integrated communications as follows:

The theory of integrated communications recognizes that organizational communication is too complex and interactive to be fractionalised into insular disciplines. This interdisciplinary theory inserts the various communication disciplines into a holistic perspective, drawing from the concepts, methodologies, crafts, experiences, and artistry of marketing communications and public relations. Specialists in certain communicative tools will still be in demand, but instead of being solo performers, they will find themselves being instrumentalists in an orchestra, under the conductorship of the integrated communicator.

Scholars have also begun to discuss some new options for the evolution of an organisation into a structure that will support IC. Wightman (1999: 20) contends that the organisational structure is one of the greatest obstacles to the successful implementation of IC within an organisation.

Grunig and Grunig (1998: 141-162) have developed a list of the criteria that must be satisfied in order for public relations to remain excellent within an integrated communications framework. The list contains four principles:

- The public relations function should be located in the organisational structure so that it has ready access to key decision makers of the organisation – the dominant coalition – and thereby contributing to the strategic management processes of the organisation.
- All communication programmes should be integrated into or coordinated by the public relations department.
- Public relations should not be subordinated to other departments such as marketing, human resources or finance.
- Public relations departments should be structured horizontally to reflect strategic publics for it to be possible to reassign people and resources to new programmes as new strategic publics emerge and other publics cease to be strategic.

With regard to these criteria, they make the statement that “all communication functions should be integrated or co-ordinated by the public relations department.”

Wightman (1999) purports that a masters dissertation of Hunter in 1997 offers the most extensive investigation thus far of the issues surrounding the corporate implementation of an integrated communication structure.

After an extensive analysis of the factors influencing corporate marketing communications structure, Hunter has developed a five-stage model for integration (quoted in Wightman, 1999):

1. Co-ordination and co-operation between public relations and marketing.
2. Public relations and marketing are perceived as equally important by members of the organisation, especially by top management, regardless of their organisational relationship.
3. Marketing communications is moved from the marketing department to the public relations department, that from now on will be known as the communications

department. The communications department will consist of three subdivisions: marketing communications, corporate communications, and internal communications.

4. Communications and marketing are placed on a hierarchical level immediately below the CEO, and both functions have their senior officer in the dominant coalition.
5. Integration of the communications function into the relationship management approach as proposed by integrated communication (IC) scholars such as Tom Duncan and Clarke Caywood (viewpoints will be further discussed in chapter 4). Consulting relationship should exist between the marketing department and the subdivision for marketing communication.

Hunter (2000a) is of the opinion, based on further research for his doctoral thesis that he would probably come up with a far more open model today. In an article based on his doctoral thesis (Hunter 2000b) he states the following:

Distinctions between the various functions (marketing, internal and corporate communication) of managed communication perpetuate the traditional separation between them; a separation that does not make sense. If we were to follow this strictly in the reality of corporate life, we would end up with structurally and functionally separate silos, each with its own set of tools, goals and objectives.

Based on his research Hunter (2000b) proposes the following characteristics of IC:

- IC refers to an approach to communication management that no longer separates or divisionalises the communication function and viewed from the stakeholders' perspective, such a separation is irrelevant.
- A second important characteristic of IC is a stakeholder's orientation. Organisations need to look at stakeholders and determine what kind of communication they might need to satisfy their interests. The integrated communicator must then manage communication in such a way that it will adhere to the expectation of the stakeholders in terms of communication.
- Lastly, in order to do so an integrated communicator must use the instruments that promise the most success in reaching this goal.

The viewpoints of Grunig and Grunig (1998) and Hunter (2000b) regarding integrated communications have been discussed. Grunig and Grunig (1998) purport that the public relations department must still be the co-ordinator and integrator of all communication functions in an organisation. Hunter (2000b) adopts a more open approach by criticizing the divisionalisation of communication and emphasises a stakeholder orientation that is needed for effective integration. Various other models and viewpoints that can be seen as contributors to integrated communication also exist. These viewpoints and models will be fully discussed and analysed in chapter 4. Some of the models and theories will also be tested in the empirical part of the study and form part of the secondary objectives of the study.

It is clear that the focus of IC is on communication to all of an organisation's stakeholders and not just its customers. An important characteristic of IC is therefore a stakeholder's orientation. One-way of communicating effectively to all stakeholders is through the use of technology.

Esrock and Leichty (1999: 457) state the following: "The developing Internet and the associated World Wide Web (WWW) embody the expansion of information technology and how individuals have embraced the concept of an information era". The developing medium thus allows an organisation to speak and serve a variety of different publics (Esrock and Leichty, 1999: 457).

A content analysis of the participating organisations' websites in this study to determine their stakeholder orientation will also form part of the empirical part of this study. It is therefore necessary to investigate the role of the World Wide Web in serving different stakeholders further.

1.7 Corporate World Wide Web

The Web offers organisations the opportunity to design messages that are not subservient to traditional restrictions of the print media such as being gatekeepers. It offers organisations the opportunity to participate in "setting the agenda" on public policy issues and can also assist

organisations in presenting itself to, and communicating with, the various stakeholders (Esrock and Leichty, 1999: 457).

The Internet and the World Wide Web might lead organisations to more direct dialogue with consumers and other stakeholders. This will result in the rejection of one-sided persuasive messages because the stakeholders will demand real information and education. According to Esrock and Leichty (1999: 457) the increasing utilisation of on-line technology cannot be denied and corporate communicators and public relations professionals will thus have a particular interest in on-line technology because of its ability to communicate with multiple audiences in a customised manner.

Kent and Taylor (1998) contend that organisational websites and homepages can serve as outlets for news releases, provide opportunities for research of stakeholders and disseminate organisational information. Websites also offer opportunities for immediate response to organisational problems and crises. They are however of the opinion that the World Wide Web still remains under-utilised by many organisations as a tool for building organisational-public relationships.

The Web can be used to disseminate and conduct a dialogue with internal publics such as employees and it can also serve as an external communication tool to reach publics such as news media, current and potential customers, suppliers, potential employees, and current or potential investors. The Web enables corporate communicators to provide immediate “on-demand” information to the relevant publics and can therefore build data archives with powerful search engines to serve various audiences (Esrock and Leichty, 1999: 457).

The Web and its usefulness for corporate communicators have been discussed briefly. A more detailed discussion will follow in chapter 3. From the discussion it is clear that the Web can be regarded as a useful medium in building relationships with various stakeholders thus reflecting a stakeholder orientation. A stakeholder orientation has been identified as one of the characteristics of integrated communication. One way in determining the stakeholder orientation of organisations is to examine their websites. The methodology surrounding web analysis will be discussed as part of the research methodology in chapter 6.

A background has been given on various theories and models that will form part of the primary and secondary research objectives. The problem definition will now be discussed further.

1.8 Definition of the research problem

Based on the previous discussion it is clear that in order for organisations to survive and become excellent in the turbulent environment characterising the business world today, organisations need to rethink the traditional ways of organising - especially with regard to the structuring of the different functions in an organisations. Several issues therefore come to the fore.

Ashkenas *et al.* (1995) promote the idea of a boundaryless organisation as part of the paradigm shift that is necessary for organisational success (section 1.3). They proposed that the organisation in its entirety must function better than each of the separate parts, which translates that over time, levels might decrease and functions may merge to combine skills. The growing disappointment of executives over communications programmes in their organisations have compelled them to take an integrated approach that combines advertising, marketing, public relations and communications functions (Lauer, 1995: 26). Although IMC has been viewed as a valuable concept by practitioners (Duncan and Everett, 1993), some of the practitioners (Schultz, 1999) believe that organisational factors have imposed constraints on its institution.

Because of organisations' pre-occupation with functional focus, capable people are being seen as "strapped in functional boxes, constrained and trained not to solve business problems but to 'do advertising' or 'do public relations' or 'do direct marketing' " (Schultz, Tannenbaum, and Lauterborn, 1993). In other situations, communications "are being developed and implemented at the lowest levels, that is, by the most junior and inexperienced employees". Both conditions are considered barriers to implementation.

Hunter (quoted in Wightman, 1999) has developed a five stage model for integration (as mentioned in section 1.7.2). After further research Hunter (2000a) however, revised his previous model by stating that he would “probably come up with a far more open model today”. Hunter (2000b) is of the opinion that by no longer divisionalising the communications function into various sub-functions, but regarding it as a single, strategic business function that employs the whole range of tools available to communication management, inconsistencies in communication will be removed.

Organisations need to re-evaluate the way in which the communications function was previously organised and structured and focus on a more integrated approach that will ensure maximum effectiveness. No framework exists which incorporates all communication in an organisation as no research has been done and published that investigated organisations in South Africa with regard to the integration of communication. It is therefore necessary to investigate the concept of integrated communication further and then propose a framework for structuring integrated communication that can be applied by different organisations.

1.9 Purpose of the study

1.9.1 Primary research objective

The primary objective of this study is:

To investigate empirically how successful South African organisations are addressing the issue of integrated communication in terms of organisational structures. This, together with an extensive investigation into the relevant literature, will be used to develop a framework for structuring the communication function within South African organisations to encourage integration and enhance organisational effectiveness.

1.9.2 Secondary research objectives

The secondary objectives of this study are:

- (a) To ascertain whether there is a dominant public relations model (advanced by Grunig & Hunt 1982) favoured by most of successful South African organisations;
- (b) To establish what the relationship is between the marketing and public relations function in successful South African organisations;
- (c) To determine the viewpoints of marketing and communication managers on integrated communications in successful South African organisations;
- (d) To investigate how public relations/communication departments compare with the criteria prescribed by Grunig and Grunig (1998) for public relations to remain excellent within the IC framework.
- (e) To ascertain how successful South African organisations are using their corporate websites for communications purposes.
- (f) To determine if successful South African organisations integrate dialogic public relations, that is needed to build relationships with publics, through their websites.

1.10 Method of study

The study will consist of a literature study as well as an empirical study.

The literature study will provide a better insight into the research problem as well as the necessary background to guide the empirical part of the study. An extensive study of related literature will be conducted during this phase of the study.

The sample for the empirical part of this study will be drawn from the top South African organisations (as identified by Financial Mail). These organisations were awarded the position of the top organisations in South Africa based on their financial performance for a given year. The findings will then form part of the process of developing a framework for integrating the communication function in an organisation.

It is proposed that the measurement instrument, which will be used to obtain data from respondents, will be self administered, structural questionnaires. Use will be made of electronic technology and questionnaires, which will be e-mailed to the different heads of communication/public relations departments as well as marketing departments of the different organisations that form part of the top organisations in South Africa. The completed questionnaires will be e-mailed back to the researcher and the data will then be analysed statistically. The researcher will, if deemed necessary, do a follow-up on the e-mailed questionnaire in the form of a personal interview.

A content analysis will also be performed on the organisations' websites to determine how their corporate Web pages are used in communicating with various constituencies. Specifically, it will investigate how the medium is being used to serve pertinent stakeholders such as shareholders, customers, suppliers and employees. A code sheet will be used to code the organisation's website and a glossary that will serve as an explanation of the content analysis instrument will be compiled.

The research design and specific defence and selection of measuring instruments will be discussed in chapter 6

1.11 Outline of the thesis

Chapter 1: Background and definition of the problem

Chapter one introduced the subject of the study by focusing on the background and problem statement as well as the purpose of the study. An indication of the proposed methodology is also given which will be discussed in detail in chapter 6.

Chapter 2: Organisational structure

This chapter will provide an overview of management literature to identify the trends in organisations in terms of organisational structures and management issues that are necessary for the new century.

Chapter 3: The evolution of public relations

The field of public relations will be explored through the investigation of the various definitions of public relations, the origins and historical development of public relations as well as the structuring of the function. This chapter will also focus on stakeholder relationships and the role of the World Wide Web in building these relationships.

Chapter 4: Public Relations and marketing

An overview will be given of marketing and the relationship between public relations and marketing. Integrated marketing communication and integrated communication will be discussed in full.

Chapter 5: Defining the problem and propositions

The chapter will focus on the problem statement and proposed propositions that will form the basis of the empirical study.

Chapter 6: Research Methodology

This chapter will discuss the research methodology in more detail and the specific methods to gather empirical information will be outlined.

Chapter 7: Analysis and interpretation of the results

An interpretation of the research findings will be given in this chapter.

Chapter 8: Recommendations and conclusions

The conclusions and recommendations will be discussed in this chapter.

1.12 Summary

It is clear that future organisations need to structure themselves to gain an advantage in the new competitive landscape. They need to revise standard management thinking and rethink strategic actions and organisation structure. Boundaries must be made more permeable so that the organisation can function better as a whole. The structures in successful organisations are therefore viewed as being more permeable and flexible. This allows for the free flow of information and ideas from one part of the organisation to the other.

Although disagreement might still exist about the structural architecture of the public relations functions, suggestions have been made as to how the communication function should be structured to be most effective. The lack of agreement on a viable organisational structure has been identified as one of the issues derailing integrated marketing communication and it has therefore been given a new life with the concept of integrated communication.

The various issues identified in the background discussion were used to formulate the research problem. It is clear that organisations need to rethink the way in which the communication function was previously structured and focus on a more integrated approach. The aim is to investigate how South African organisations are addressing this issue in order to develop a framework for structuring the communication function to promote a more integrated approach.

An outline of the various chapters was given in order to get a holistic view of the study's scope. Chapter one therefore provided a total overview of the research, whereas the discussion that will follow in chapter two will give a detailed discussion of the various authors' viewpoints regarding management trends and organisational structures.

CHAPTER 2

ORGANISATIONAL STRUCTURE AND THE FUTURE OF ORGANISATIONS

2.1 Introduction

One of the issues identified in presenting a problem for the integration of communication in an organisation is the organisational structure.

The main objective of the research is therefore to propose a framework for the structuring of integrated communication. In order to do so it is necessary not only to investigate how South African organisations are addressing the issue of integrated communication, but also to look at available literature to aid in developing a framework for integrated communication. Chapter two examines the literature on organisational structure and future management trends to assist with the framework for structuring the integrated communication function. The focus of this chapter is to present an overview of management literature to help identify characteristics and trends that influence the structural architecture of organisational functions.

The first part of chapter 2 will focus on the evolution of different management theories and schools of thought. According to the discussion, management thought has grown over the years to accommodate changes in the environment. It is, however, not clear if South African organisations have adopted these changes. It is therefore necessary to review the different management theories to determine where South African organisations are in the evolution process. The evolving theories also address the issue of how structures have changed to accommodate these changes. Insight gained into this matter will be used later on to address the primary objective.

2.2 Management theory and evolution of organisations

Changes in management practices occurred as managers, theorists, researchers, and consultants sought new ways to increase organisational effectiveness and efficiency (Jones *et al.*, 2000: 39).

The driving force behind the evolution of management theory is the search for better ways to utilise organisational resources (Jones *et al.*, 2000: 39). From the many theories on how to improve management, some parts of each theory have survived and had been incorporated into contemporary theories on management. These past efforts and failures have therefore become a guide to future management practices (Smit & Cronje, 1997: 36).

Advances in management theory typically occur as managers and researchers find better ways to perform the principal management tasks: planning, **organising**, leading and controlling human and other organisational resources (Jones *et al.*, 2000: 39).

Smit and Cronje (1997: 37) have classified the theories of management into two main schools of thought, namely classical approaches and contemporary approaches.

2.2.1 The classical approaches

The classical approaches to management developed from the late 19th century through the early 1950s. The emphasis was on the internal functioning of the organisation. Taylor (a supervisor at the Philadelphia Midvale Steel Company in the late 1800s) introduced the scientific management approach that looked at ‘one best way’ to complete production tasks. At about the same time the **process or administrative management perspective** appeared. Writers such as Fayol (a French industrialist that is being recognised as the greatest European management pioneer) looked at the management functions, namely planning, organising, leading and controlling, as a means of improving productivity in the organisation (Smit & Cronje, 1997: 57).

Fayol introduced the following (Nickels *et al.*, 1997: 246):

- *Unity of command.* Each worker is to report to only one boss to avoid confusion about assignments
- *Division of labour.* Functions are to be divided into areas of specialisation such as production, finance and marketing.
- *Subordination of individual interest to the general interest.* The goals of the team are more important than that of the individual worker.

- *Authority*. Managers have the right to give orders and the power to exact obedience.
- *Degree of centralisation*. The amount of decision-making power vested in top management should vary by circumstances.

The fact that managers should maintain formal authority is seen as a major disadvantage of the administrative approach. Nickels *et al.*, (1997: 247) are of the opinion that **Fayol's principles led to rigid organisations** and a feeling among workers that they belong to an **inflexible** system.

The main concern of Max Weber, a German sociologist, under the **bureaucratic approach**, was the issue of **how organisations are structured**. He developed a theory in 1927 of bureaucratic management that stressed the need for a **strictly defined hierarchy**, governed by clearly defined regulations and authority (Smit & Cronje, 1997: 42).

Weber's concept of a bureaucratic organisation consisted of three layers of authority: (1) top managers, who were the decision makers, (2) middle managers (the bureaucracy), who developed rules and procedures for implementing the decisions, and (3) workers and supervisors who did the work (Nickels *et al.*, 1997: 246). Weber promoted the pyramid-shaped organisation and his principles of organisation were similar to Fayol's. In addition he emphasised the following (Nickels *et al.*, 1997: 246):

Job descriptions, written rules, decision guidelines, and detailed records, consistent procedures, regulations, and policies, and staffing and promotion based on qualifications.

Managers however found that the ideas of the classical approach did not lead to efficiency and workplace harmony (Ivansevich, Lorenzi, Skinner & Crosby, 1994:50). As a result the **behavioural approach** to management developed. The behavioural approach to management can be divided into two approaches: **the human relations approach** that became popular in the 1940s and 1950s and the **behavioural science** approach that became popular in the 1950s.

Elton Mayo (An Australian who conducted research at Harvard University) was the founder of the human relations approach that showed the importance of how the group affects individuals' behaviour at work (Ivansevich *et al.*, 1994: 50).

The behavioural science approach recognised the complexity of the worker compared to the “economic man” described in the classical approach or the “social man” described in the human relations approach. Joan Woodward (a professor in industrial sociology in London) concluded in this approach that there is no best way to manage or structure an organisation (Ivansevich *et al.*, 1994: 50).

The **human relations approach** as well as the **behaviour scientist approach** to management focused on the worker, groups, and organisational processes as a possible solution to the productivity problem. The major contribution of the human relations approach to management is the fact that this approach viewed workers as human beings and not as machines. The believe however, that a happy worker is a productive worker is too simplistic, as economic aspects of the work remain important to workers (Smit & Cronje, 1997: 45).

2.2.2 Contemporary approaches

The contemporary approaches have developed since World War II. The business environment became increasingly turbulent and managers could no longer focus on internal issues only (Smit & Cronje, 1997: 57). Contemporary management approaches are developed from the thinking of various schools mentioned before. Some of the main contemporary schools of thought are:

- **The systems approach** developed in the 1950s focuses on summarising the organisation as a whole. It regards the organisation as an **integrated system** comprising of related elements and allows management to maintain a balance between its various components as well as the organisation and the external environment (Smit & Cronje, 1997: 48). In solving problems the manager must consider the organisation as a whole and must anticipate the impact of its decisions on the organisation (intended or unintended). They do not solve problems individually, but rather by a **total system of interrelated parts**. Accepting that objectives may conflict with each other (e.g. marketing vs. operational objectives), a compromise is necessary and the objectives of the individual parts must be compromised to meet the objectives of the organisation as a whole (Donnelly, Gibson & Ivancevich, 1995: 7).

- **The contingency approach** was developed from the systems approach. According to this approach, there is no ‘single best way to manage’. **The characteristics of the situation**, called contingencies, will determine the best way to manage a specific situation (Smit & Cronje, 1997: 57). The contingency approach thus seeks to find different management methods for different situations and has grown in popularity over the past few decades (Donnelly *et al.*, 1995: 7).
- Peters and Waterman (1982) popularised the **excellence movement** in the 1980s, which emphasises a series of basic characteristics an organisation should pursue to function excellently. According to them, the basic set of characteristics that will lead to excellence are: getting things done; staying close to the customer; maximising productivity through people; using a hands-on approach to managing; doing what the company knows best; **maintaining a simple, lean organisational structure**; and promoting both centralisation and decentralisation simultaneously.
- **Total Quality Management** or TQM embraces quality and was developed from American managers’ search for reasons why Japanese and German managers were so successful in the American market. They found the answer in their pre-occupation with quality (Griffin, 1990: 66). Smit & Cronje (1997: 51) view TQM as being a philosophy of management that is driven by competition and customer needs and expectations. The term ‘customer’ in TQM is expanded beyond the traditional definition to include **everyone who interacts with the organisation’s product or service, either internally or externally**. The objective is to create an organisation committed to continuous improvement.
- **The learning organisation** is a management approach also based on the systems approach and stresses lifelong learning (Smit & Cronje, 1997: 57). According to Senge *et al.* (1994), five disciplines enable one to overcome learning disabilities namely: (1) become committed to lifelong learning; (2) challenging one’s own assumptions and generalisations about the organisation and the world around is essential to becoming a learning individual and a learning organisation; (3) sharing a vision for the organisation; (4) encouraging active dialogue in the organisation; (5) **and promoting systems thinking**. It is vital that these disciplines develop as a unit. Systems thinking is seen as the discipline that integrates the other disciplines and keeps them from being separate entities.

- **Re-engineering** propagates reinventing the organisation and not merely taking incremental steps in doing so. This could mean a quantum leap for the organisation in order to adapt to an extremely turbulent environment (Smit & Cronje, 1997: 57). Six conditions are vital for successful re-engineering programmes, according to Smit and Cronje (1997: 56), namely: (1) powerful external forces for change should make change inevitable; (2) top management should vigorously support the re-engineering initiative; (3) re-engineering projects should focus on the process improvements that customers really care about and are willing to pay for; (4) thorough knowledge of the needs of customers is essential; (5) **all major departments affected by the process(es) should be represented on the team**; and (6) changes in human resource programmes and information technology should be closely co-ordinated with the re-engineering effort.

Management theory has evolved over the years in search for new ways to increase organisational effectiveness and efficiency. The classical approaches that developed from the late 19th century through the early 1950s emphasised the internal functioning of an organisation and included the process management perspective and the bureaucratic approach. Due to turbulence in the environment the contemporary management approaches developed that included the systems approach, the contingency approach, the excellence movement, total quality management, the learning organisation and total quality management.

Organisations have also developed in their application of the different management theories. **Future organisations** should therefore be more flexible and adaptable due to the change in managerial hierarchies and self-managed teams are seen as the answer for improved quality. Section 2.3 highlights the changes that took place in **managerial hierarchies** to accommodate the usage of **teams** that will form the foundation of the **organisation of the future**. **Alternatives to bureaucracy** are explored and a comparison is drawn between the “old” and the “new” model of organisations.

2.3 The future of organisations

Bureaucracy, developed by Mac Weber and discussed in section 2.2, describe the many layers of management who set rules and regulations and participate in all decisions. To make the setting of rules easier, organisations are organised by function. There are for example, separate departments for production, marketing, finance, and human resources (Nickels, McHugh & McHugh, 1997: 244). Nickels *et al.* (1997: 245) argue that in the past such a structure worked well, but they see a problem today in the sense that it is not responsive to customers. Employees tend to follow the rules and are therefore not very flexible in responding to customer wants and needs.

Ivancevich *et al.* (1994:253) are therefore of the opinion that future organisations will be structured differently and that those leading the way will be the ones that can adapt quickly to their customers' demands and changes in the environment.

Nadler (quoted in Ivancevich *et al.*, 1994: 253) stated: "... by the year 2000, the average company will be smaller and employ fewer people; the traditional hierarchical organisation will give way to other forms such as the network of specialists; the model of doing business will shift from making a product to provide customer service; and work itself will be redefined to include constant learning and more high-order thinking".

Lindbeck and Snower (2000: 353) concur by concluding that the reorganisation of work within organisations has shifted from a "Tayloristic organisation" (characterized by specialization by tasks) to "holistic organisation" (featuring job rotation, integration of tasks, and learning across tasks). They state that "... over the past few years a number of systematic, broad-based, empirical investigations have been completed, establishing the quantitative importance of the reorganisation process". Linbeck and Shower (2000: 353) also highlight the increased role for team work and job rotation, a reduction in the number of management levels, continuous learning and development of complementary skills, decentralisation of responsibility within organisations, and direct participation of employees in decision making on multiple fronts as being central to the reorganisation process.

Linbeck and Shower (2000) are of the opinion that in the “new types of organisations” that are emerging, workers are given responsibilities across the traditional occupational groupings leading to the breaking down of traditional separation of roles. Continuous learning and skill development, all-round knowledge, and the potential to acquire multiple skills are being emphasised. The structure in the “new type of organisation” is also giving way to flatter organisations in which customer-oriented teams are given greater authority. The move to teams according to Linbeck and Shower (2000) encourages the sharing of tasks within teams as well as exploiting the complementarities across tasks: therefore bringing the decision making power closer to the relevant people.

It is clear from the discussions of Linbeck and Shower (2000) that reorganising is **changing the hierarchical structures** in organisations as a greater emphasis is being placed on the usage of teams. Other authors’ viewpoints in this regard will therefore be further explored.

2.3.1 Changes in managerial hierarchies

Jones *et al.* (2000: 13) suggest that there has been a change in recent years regarding the task and responsibilities of managers at different levels. Top managers have been encouraging lower-level managers to look beyond the goal of their own departments and take a cross-departmental view to find new opportunities for increased organisational performance. Intense competition has put increased pressure on managers to improve efficiency, effectiveness, and organisational performance. In response to these pressures many organisations have changed their managerial hierarchy.

To decrease costs, CEOs and their top management teams have been restructuring organisations to reduce the number of employees on the payroll. **Restructuring** involves downsizing an organisation or shrinking its operations by eliminating the jobs of large numbers of top, middle, or first-line managers and non-managerial employees. This promotes efficiency by reducing costs and allowing the organisation to make better use of its remaining resources (Jones *et al.*, 2000: 14).

Another major change in management, according to Jones *et al.* (2000: 14), has taken place at the level of first-line managers. Many organisations have taken two steps to reduce costs and improve quality. One is the empowerment of the workforce, expanding employees' tasks and their responsibilities. The other is the creation of **self-managed teams** – groups of employees who are given responsibility for supervising their own activities and for monitoring the quality of the goods and services they provide. Most of the predictions for survival in the 21st century include the usage of teams. Teams will form an integral part of the subject of this thesis namely the structuring of the integrated communication function and is highlighted below.

(a) Promoting innovation: using taskforces and teams

Ivancevich *et al.* (1994: 253) suggest that the biggest change taking place in organisations in the 1990s was the use of teams. The trend of empowering workers through self-managed teams grew in America during the 1980s. These teams enabled workers to have the incentive and power to respond to customers' needs.

Groups are used in many contexts in which organisations can benefit from the experience and ideas of two or more individuals. Increasingly, their efforts are being tapped when creativity and innovation are important to organisational success (Bartol & Martin, 1998: 492).

(i) Task forces

A task force is a temporary task group usually formed to make recommendations on a specific issue. It is also referred to as an **ad hoc** committee or a *temporary committee*.

The issues that they deal with normally involve several parts of the organisation and taskforces are therefore composed of individuals from the main command groups affected by a given issue (Bartol & Martin, 1998: 492).

(ii) Teams

A team is either a temporary or an ongoing task group whose members are assigned to work together to identify problems, form a consensus about what should be done, and implement necessary actions in relation to a particular task or organisational area. Teams are often, but not always, task groups made up of individuals who cross command groups. Temporary teams handle a specific project, from inception to completion, whereas permanent teams have ongoing responsibilities in a given area. Teams sometimes have fluid membership consisting of individuals who join when their expertise is needed and leave when their work is done (Bartol & Martin, 1998: 492).

Nickels *et al.* (1997: 256) are of the opinion that the matrix-style of organisations will eventually lead to cross-functional teams. Cross-functional teams are groups of employees from different departments who work together on a semi-permanent basis (Nickels *et al.*, 1997: 256). The teams are often empowered to make decisions on their own without seeking the approval of management, thus the term **self-managed**. The barriers between design, engineering, marketing, distribution, and other functions disappear as each member of a department work on teams. Bartol & Martin (1998: 496) define a **self-managing team** as a work group given responsibility for a task area without day-to-day supervision and with authority to influence and control both group membership and behaviour.

Bartol & Martin, (1998: 492) contend that the use of teams has been highly successful in a wide variety of organisations, including such organisations as General Motors, Boeing, Hewlett-Packard and Xerox. As a result, teams are gaining increasing attention, particularly as a means of fostering innovation, increasing quality, and facilitating successful implementation of changes. Nickels *et al.* (1997: 257) estimate that teams will be the foundation for organisations for the next 50 years.

Although the usage of teams seems to be the norm for the future, managers might however resist this movement. These limitations need to be kept in mind when proposing such an alternative in the managerial hierarchy.

(b) Limitations of cross-functional teams

Nickels *et al.* (1997: 242) argue that there may be certain limitations to the team approach as managers of functional areas may resist the move towards teams. Cross-functional teams imply that employees from different departments work together on a semi-permanent basis leading to the removal of the barriers between design, marketing and other functions. Managers of the different functional areas might cling to a more traditional approach. Furthermore, team members are often unsure of what their duties are, how they'll be compensated, and who will be responsible if mistakes are made. As teamwork requires different skills, it is therefore necessary to train workers in order to prepare them for teamwork. The change to a teamwork approach might be so disruptive that an organisation may falter for years while the changes are being made. Nickels *et al.* (1997: 257) are also of the opinion that teams can sometimes be overused and that cross-functional teams are not always the solution to every management problem.

Bartol & Martin (1998: 496) identified four important steps that are necessary to increase the success rate of self-managed teams. *First*, before forming a team, there is a need to assess the applicability of using self-managing teams, as well as to determine the tasks and the degree of authority that will be delegated to them. *Second*, in forming a team, it is critical to give careful consideration to group composition and to allocate the necessary resources.

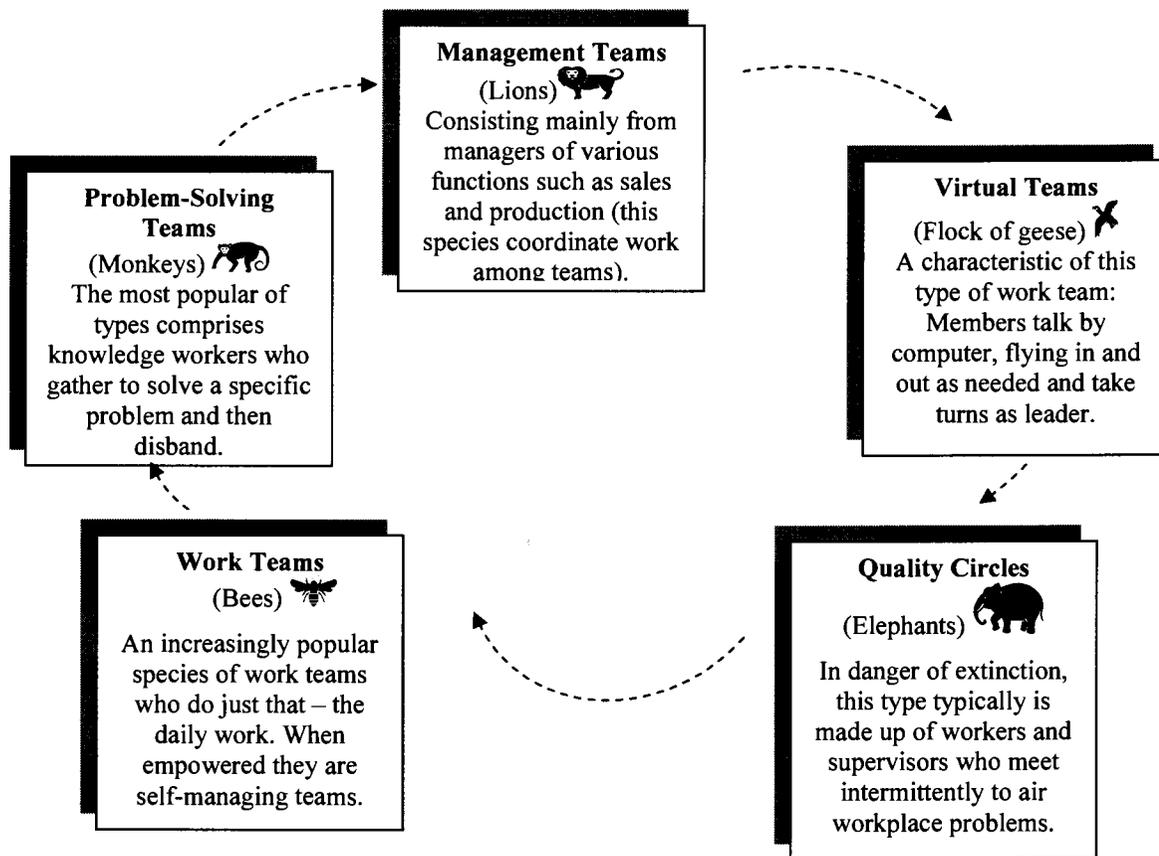
A self-managed team is a work group given responsibility without day-to-day supervision and with authority to influence and control both membership and behaviour. *Third*, as the group is attempting to move through the stages of group development, training to work effectively on a team and guidance in cultivating appropriate norms are important. *Finally*, managers need to provide ongoing assistance by removing performance obstacles and helping the group continue to learn. Productivity may actually decline initially as new self-managing teams work through the development process.

Managers also need to be aware of the different teams that exist in order for them to utilise teams effectively. Another limitation can be imposed if managers form teams for the wrong reasons or for the wrong activities.

(c) Different types of teams

Nickels *et al.* (1997: 257) identified five different types of teams. They surmise that management have to think through the process of compiling teams because one of the limitations of teams is that organisations sometimes rush out and form the wrong kind of team for the wrong kind of job. The different types of team are illustrated in figure 2.1.

FIGURE 2.1: DIFFERENT TYPES OF CROSS-FUNCTIONAL TEAMS



Source: Adopted from Nickels, McHugh & McHugh (1997: 244)

Certain animals are used as symbols to explain the different types of teams. Organisations might form the wrong kind of team for the wrong kind of job and should therefore be cautious that different teams do exist. It is essential that the organisation analyse the situation and problem at hand before deciding on a specific team format, as cross-functional teams are not the answer to all management problems

The use of teams as a means of structuring can also be an important building block for a competitive advantage. Competitive advantage is the ability of one organisation to outperform other organisations because it produces desired goods or services more efficiently and effectively than its competitors (Jones *et al.*, 2000: 24). Jones *et al.* (2000: 24) identified four building blocks of competitive advantage, namely:

- **Increasing efficiency.** Organisations increase their efficiency when they reduce the quantity of resources they use to produce goods or services. In today's competitive environment, organisations constantly are seeking new ways to use their resources to improve efficiency. Many organisations are training their workforce in new skills and techniques that are necessary to meet new technological challenges. Similarly, cross training gives employees the range of skills they need to perform many different tasks, and organising employees in new ways, such as in **self-managed teams**. These are important steps in an effort to improve productivity.
- **Increasing quality.** The challenges from globalisation have also increased the pressure on organisations to improve the skills and ability of their workforce in order to improve the quality of goods and services. One major thrust to improve quality has been the introduction of the quality-enhancing techniques of total quality management (TQM).
- **Increasing innovation.** Innovation, the process of creating new goods and services that customers want and need, or developing better ways to produce or provide goods and services, poses a challenge. Managers must create an organisational setting in which people are encouraged to be innovative because innovation, typically, takes place in **small groups or teams**.
- **Increasing responsiveness to customers.** Organisations compete for customers with their products and services. The training of employees to be responsive to customers' needs is vital to organisations. Jones *et al.* (2000: 25) use the example of Levi Strauss to illustrate how the use of **self-managed teams** can lead to increased responsiveness to customers and increased efficiency, quality, and innovation. In 1995 Levi's began to experiment in the United States with the selling of customised jeans at Original Levi Strauss stores. Customers were measured in the stores and orders are then electronically transmitted to the factory. At the factory, employees in self-managed teams with 20 to 30 members are then responsible for completing individual orders by assembling each pair of jeans.

Each worker is trained to perform all the tasks necessary (in the typical work system, each employee only performed one task). Within three weeks the customer receives the pair of jeans for about \$10 a pair more than the standard off-the-shelf jeans. This is an example of how responsiveness to customers can lead to a competitive advantage by using self-managed teams.

Multi-skilled, self-managed teams that are more flexible and responsive can provide the organisation with a competitive advantage. Other alternatives to bureaucracy also exist that can be applied in addressing the primary objective of this research, namely the structuring of the integrated communication function.

2.3.2 Alternatives to bureaucracy

The above discussion emphasised the fact that managerial hierarchies have changed from a bureaucratic approach to using task forces and teams. Other alternatives to bureaucracy are to follow a more open approach [section 2.3.2 (a)] and promote a boundaryless organisation [section 2.3.2 (b)]. The next discussion will focus on these two concepts from the viewpoints of Mink *et al.* (1991) and Askenas *et al.* (1995).

(a) The open organisation model

According to Mink *et al.* (1991:3) one of the tasks of organisation management has been to maintain equilibrium between stability and change in response to both internal and external environmental pressures. This task has intensified as organisations have moved into a post-industrial age of rapid social change and increasing complexity. Mink *et al.* (1991: 3) believe that the values, assumptions, and management processes of bureaucratic organisations that have worked well in the past have become problematic. Bureaucratic organisations are being challenged because of their inability to respond in a flexible way to the needs of their employees, beneficiaries and environment.

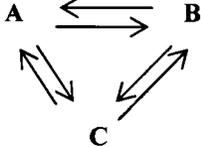
Mink *et al.* (1991) proposed an open systems model, which they believe offered the needed alternative to bureaucracies. An open systems view, according to them, presents a way of understanding and developing organisations so that management processes and individual human potential work together instead of against each other.

Mink *et al.* (1991: 9) identified the following characteristics of an open organisation:

- **An integrated whole.** Unity in an open organisation is not achieved at the price of internal fragmentation or being closed to the system's environment. It permits and promotes awareness of self, other components, and the external world. In open organisations, unity is maintained and enhanced by consistently focusing energy on the definition and achievement of purposes and goals, rather than around power issues.
- **Interdependent components.** In an open system all parts are responsive to each other rather than being fragmented, rigid empires. The parts of an open system are themselves open systems. Internal responsiveness is developed and maintained through collaboration rather than through authority.
- **Interchange with the environment.** An open organisation continuously interchanges activities, data, and energy with other systems in the environment, which it serves or upon which it depends. This interchange is an ongoing series of planned transactions through which the organisation represents its purpose to outside groups and gathers information that may affect decisions and goals. An open system anticipates and prepares for changes, rather than making decisions after crises have developed.

In figure 2.2 certain characteristic patterns of open and closed organisations are identified.

FIGURE 2.2: CHARACTERISTICS OF OPEN AND CLOSED ORGANISATIONS

An open organisation is more likely to:	A closed organisation is more likely to:
<ul style="list-style-type: none"> • Treat top positions in the hierarchy as broader in scope and more integrative in function but not implying overall superiority; • Seek external feedback and respond flexibly in light of the organisation's mission; • Base itself on higher motives (self-actualisation, a desire to know and contribute); • Encourage an overlap in planning and implementing; • View top-level decisions as hypotheses subject to review and revision at lower echelons; • Structure itself by temporary task forces, functional linkages, broad role definitions, mobile and regional property, and brief amendable constitution; • Set an atmosphere which is goal-oriented, challenging yet informal; • Manage through supportive use of authority, i.e. encourage experimentation, learn from errors, emphasise personnel development, use resources, tolerate ambiguity; • Communicate up, down and across – unlimited chain of command. Promote an interactive mode <div style="text-align: center; margin-top: 20px;">  </div>	<ul style="list-style-type: none"> • Treat occupants of top business as if they possessed overall authority; • Avoid external feedback so as to avoid inconvenient changes in the status quo; • Base itself on lower motives (personal safety, comfort); • Make a sharp distinction between planning and implementing; • View top-level decisions as final unless review is initiated by the top-level staff; • Structure itself by permanent departments and echelons, fixed property, permanent detailed constitution and bylaws; • Set an atmosphere which is routine-oriented, deadening, formalistic; • Manage through intimidating use of authority, i.e., create caution and fear of errors, emphasise personnel selection, conserve resources, and avoid ambiguity; • Communicate one-way, downward through the chain of command- all other communication viewed as insubordinate. <div style="text-align: center; margin-top: 20px;">  </div>

Source: Mink *et al.* (1991: 19)

Mink *et al.* (1991: 19) contend that an open organisation should structure itself by temporary task forces and that an interactive mode is created through up and down and across communication. Ashkenas *et al.* (1995) view the shift from rigid to permeable organisational structures and processes as a social and economic revolution that resulted in a new order for organisations. They call this shift 'the dawning of the boundaryless organisation of the twenty-first century'.

(b) The boundaryless organisation

Ashkenas *et al.* (1995: 2) are of the opinion that organisations will no longer use boundaries to separate people, tasks, processes and places, but instead they will focus on how to permeate those boundaries. They propose that the traditional notion of boundaries as fixed barriers or unyielding separators be replaced by an organic, biological view of boundaries as permeable, flexible, moveable membranes in a living evolving organism.

Organisations should therefore not look for structural solutions to what is fundamentally a process challenge. The question should not be to centralise or decentralise, but how organisations can permeate horizontal boundaries and improve speed, flexibility, integration and innovation. Managers must therefore not view the organisation as a set of functional boxes but as a set of shared resources and competencies that collectively define the organisation's range of activities. When the organisation focuses on how to create processes to ensure that all its shared resources and competencies create value for its customers, it shifts from a mechanical to an organic model. It shifts from organising, influencing, and bringing together a collection of separate functions to transforming inputs to outputs through a series of processes to which people with different skills and disciplines contribute.

The loosening of horizontal boundaries calls for integration, not decentralisation; process, not function; and teamwork, not individual effort. Therefore, when the organisation is viewed integratively as composed of shared resources, it puts to an end the structural questions about power, authority, and priority raised in the centralised/decentralised debate.

They identified five key organisational principles, namely:

- **Keep the focus on the customer.** The boundaryless horizontal organisation begins and ends with customers. Its entire focus is to anticipate and serve changing customer needs.

- **Show one face to the customer.** The customer must be able to access resources, products, and services across the horizontal spectrum. This requires organisations to view themselves from the customer's perspective, and provide the customer with a single, simple, consistent point of access to what the organisation offers.
- **Form and reform teams to serve the customer.** Fluid teams that form and reform must provide actual customer service. These teams are composed of competencies and resources that the customer requires to meet current and perhaps future needs. They draw upon the appropriate skills and resources wherever these may reside in the organisation. Each team is dynamic: as additional customer needs are identified, additional resources and competencies are added, and the team is reformed again. Team leadership roles can be shared, depending on the needs of the customer. The teams are measured by their ability to use resources from inside the organisation to add value for customers outside the organisation.
- **Maintain a competence pool.** To staff fluid and dynamic customer teams, successful organisations maintain a pool of competent people (resources) with the skills to meet customer requirements. These resources may be arrayed by function (manufacturing, marketing, sales, engineering, administration), product, or geography. They derive their legitimacy from becoming part of a customer team.
- **Share learnings across customer teams.** The final principle for permeating horizontal boundaries is to create a learning process. As multidisciplinary teams work across boundaries to serve customers, they gain valuable insights into those customers, into team members' specialities, and into processes for working together. These learnings must be captured and leveraged. To avoid losing critical ideas, information insights and competencies, the organisation must establish mechanisms by which teams and other groups share best practices and learnings.

In their discussion Ancona, Kochan, Scully, Van Maanen, and Westney (1999) draw a comparison between the old and the new model of organisations. Insight is therefore provided into the viewpoints of a more recent source into what they call “the old and the new model of organisation”.

2.3.3 The “old” and the “new” model of organisations

Ancona *et al.*, (1999: 6) discuss what they call the “old” and the “new” model of the organisation.

The classic model of formal organisation (bureaucracy) of the 1950s included the following features:

- Clearly delineated *specialised* individual positions and jobs, with careful and detailed specification of the qualifications required to fill the position, the responsibilities and performance requirements of that position, and the assigning of the resources required to do the job.
- A *formal hierarchy* of these positions, with a clear line of authority that set out the powers-and limitations of those powers for each position or office in a clear and detailed “chain of command”.
- Formal *rules* and *standard operating procedures* that governed activities, specified in written documents and files.
- Set *boundaries* for each department and subunit, and clear boundaries between the organisation itself and its environment, with relationships that cross those internal and external boundaries assigned to formal “boundary spanners”.
- *Standardised* training and training requirements, career paths and reward systems, based on the development of expertise and creating a predictable and stable career for those who fulfilled dutifully the requirements of their positions.

They define the “new organization” in terms of five complex, interacting features, namely networked, flat, flexible, diverse and global.

(a) Networked

The “new” model views the organisation as based on interdependence across individuals, groups and subunits within the organisation, and with key elements of its environment.

The boundaries of the “new” model are “permeable” or “semi permeable,” allowing much more frequent movement of people and information across them.

Within the organisation it implies that teams, rather than individual jobs, are emphasised as fundamental units of activity within each organisational arena of activity; cross-functional teams must be used that bring together people from different departments of the organisation; and systems are created for sharing information widely in the organisation, horizontally and in both directions vertically.

In the organisation’s relations with its environment, it means that close relationships are build with suppliers in terms of the sharing of information and the development of higher levels of interdependence with them. It also implies that people in functional areas such as production and R & D are put in direct contact with certain customers, rather than relying on boundary-spanning departments; coalitions must be build to work closer together with key stakeholders, rather than adopting a confrontational or defensive posture and alliance and cooperative networks are build with other organisations.

A definition of public relations conceptualised by Cutlip *et al.* (1985: 7) states the following:

Public relations is the management function that identifies, establishes, and maintains mutually beneficial relationships between an organisation and the various publics on whom its success or failure depends.

This conceptual definition summarises the importance of public relations in the success of building relations with its environment and support the above discussion on building relationships, therefore stressing the importance of the role that communication plays in the “new model of organisations”. Further insight into this regard will be provided in chapter 3.

(b) Flat

The organisation of the 21st century is much leaner and has fewer layers of management, because organisations need to respond more rapidly and more flexibly to changes in their markets and in technology.

Changes in information technology removed the need for layers of middle management whose main task has centred on organising and transmitting information. There are also intense competitive pressures to cut costs and by removing some of the layers, cost can be cut more significantly than getting rid of low-level employees.

(c) Flexible

Organisations today, need to respond flexibly to diverse needs of employees, customers and other stakeholders. Part of this flexibility is the growing use of temporary structures such as projects, task forces, and informal “communities of practice”. The need for flexibility is driven by intensifying competition, an increasingly diverse labour force, and an increasingly complex and unpredictable external environment.

(d) Diverse and (e) Global

The above three features reinforce the fourth and fifth feature, namely (i) the need for the new organisation to accommodate a diversity of perspectives and approaches, and (ii) to respond to an increasingly array of external constituencies and stakeholders. For organisations to be global they have to be involved in interactions across borders. The consequences are that more and more networks stretch across borders.

Table 2.1 summarises the features of the “old” and the “new” models of organisation.

TABLE 2.1: SOME CONTRASTING FEATURES OF THE OLD AND THE NEW MODELS OF ORGANISATION

Old Model	New Model
Individual position/job as basic unit of organisation	Team as basic unit
Relations with environment handled by specialist boundary-spanners	Densely networked with environment
Vertical flows of information	Horizontal and vertical flow of information
Decisions come down, information flows up	Decisions made where information resides
Tall (many layers of management)	Flat (fewer layers of management)
Emphasis on structures	Emphasis on processes
Emphasis on rules and standard procedures	Emphasis on results and outcomes
Fixed hours	Flexible workday, part-time workers
Career paths upwards, linear	Career paths lateral, flexible
Standardised evaluation & reward system	Customised evaluation & reward systems
Single strong culture with strong expectations of homogeneous behaviour	Diversity of viewpoints & behaviours
Ethnocentric mind-set	International/global mind-set
Specialist international managers	Boundary-crossers at all levels
Local value chains	Value chains crossing borders
Environment defined in terms of country of location	Environment seen as global

Source: Ancona *et al.* (1999: 17)

The features of the “new model” that are applicable to this study and which will support the primary and some of the secondary objectives are the following: team as a basic unit; horizontal and vertical flow of information; flat (fewer layers of management) and; boundary-crossers at all levels.

The new model however, cannot become a reality if managers do not understand the requirements of operating in such an environment. Ancona *et al.* (1999: 17) propose that to take action in today’s organisation an understanding of the networked, flat, flexible, diverse, and global “new model” of organisations is essential. Table 2.2 is an example of the framework that is necessary for taking action in the “new” organisation.

TABLE 2.2: FRAMEWORK FOR TAKING ACTION IN THE “NEW” ORGANISATION

Requisites for taking effective action Organisational characteristics	Individual skills	Organisational features	Managing the environment
<ul style="list-style-type: none"> • Networked • Flat • Flexible • Diverse • Global 	<p>Teamwork</p> <p>Negotiation</p> <p>Multi-tasking</p> <p>Listening/ empathy</p> <p>Cross-cultural communication</p>	<p>Team structure</p> <p>Developing incentive system</p> <p>Workforce management</p> <p>Conflict resolution systems</p> <p>Cross-border integration</p>	<p>Developing alliances</p> <p>Boundary management</p> <p>Learning</p> <p>Stakeholder relationships</p> <p>Local responsiveness</p>

Source: Ancona *et al.* (1999: 17)

For the purpose of this research the importance of a team structure and cross-border interaction in an organisation, multi-tasking and teamwork as part of individual skills and learning and stakeholder relationships from a management point of view, depicted in table 2.2, will be emphasised.

The first part of this chapter focused on how management thought has evolved over the years. The focus has shifted from focusing on a rigid hierarchical structure to placing the emphasis on flexibility and promoting teams as a way of ensuring an organisation stay competitive. The second part of this chapter will give a brief overview of the factors influencing the internal functioning and structuring of an organisation. *Organisations can be seen as bounded systems of structured social interaction featuring authority relations, community systems, and the use of incentives* (Champoux 2000: 4). This definition of organisations identifies the need for a formal co-ordination of interaction patterns of organisation members, i.e. the organisation structure.

In structuring the integrated communication function one should therefore be aware of the factors influencing the organising and structuring in organisations and how it relates to the different functions in an organisation.

2.4 Organising and structuring

Schlesinger, Sathe, Schlesinger and Kotter (1992: 5) view organisations as complex, social systems with the following characteristics. First they are *interdependent*. Changes in one part of the organisation affect other parts. Second, organisations can use information received as *feedback* to change or to correct errors. Organisations strive to reach a *balance* or ready state. Changes in one area cause an organisation to behave in ways to return it to balance. Finally, there is *no best way of organising* to accomplish a task. Organising depends on the balance of an organisation's key success factors, design factors and organisational culture.

Organising is a process that managers use to establish a structure of working relationships and allows organisational members to work together to achieve organisational goals (Jones, George & Hill: 2000: 9). Smit & Cronje, (1997: 211) are of the opinion that organising is an indispensable function in the management process. Strategies formulated will never be properly implemented if the relevant activities are not co-ordinated and human resources are not properly deployed. Leadership is also not possible if lines of authority and responsibility are not clear through organising.

Schlesinger *et al.* (1992: 1) postulate that an important aspect of managerial work involves organising human resources to ensure that the right people focus on the right tasks. These people must have the proper information, tools, incentives, and controls to perform these tasks effectively and efficiently. Their efforts must also be co-ordinated to achieve the organisation's overall objectives.

Smit and Cronje, (1997: 211) state the following reasons why organising is necessary:

- Organising leads to an organisation structure that indicates clearly who is responsible for which tasks. It therefore clarifies subordinates' responsibilities.

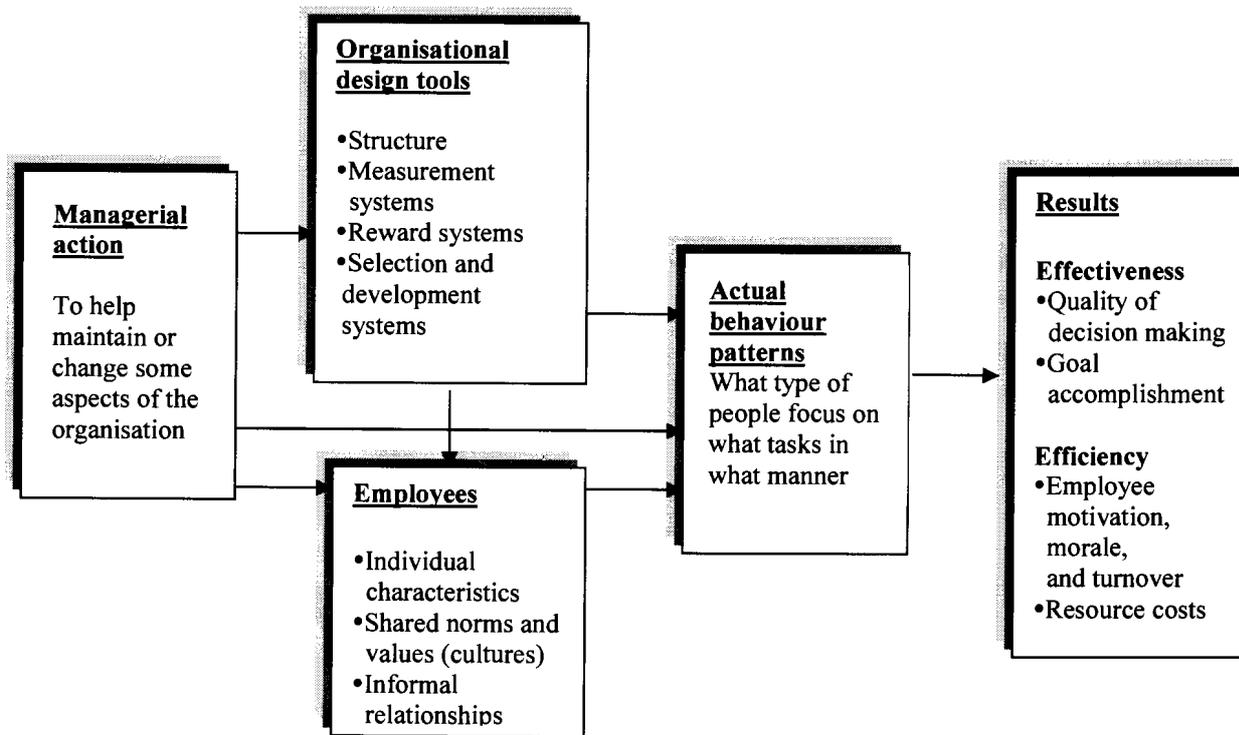
- Accountability implies that the responsible employees will be expected to account for outcomes, positive or negative, for that portion of the work directly under their control.
- Clear channels of communication are established. This ensures that communication is effective and all information required by employees to perform their jobs effectively reaches them through the correct channels.
- Organising helps managers to deploy resources meaningfully.
- The principle of synergy enhances the effectiveness and quality of the work performed.
- The total workload is divided into activities to be performed by an individual or a group of individuals.
- Organising means systematically grouping a variety of tasks, procedures and resources.
- The related tasks and activities of employees are grouped together meaningfully in specialised sections or departments so that experts in various fields can deal with certain tasks.

Organising is an important management task as indicated by the above discussion. Organisation design tools are used to organise. Organisational design refers to the way managers structure their organisation to reach the organisation's goals (Champoux, 2000: 324) and will be discussed in section 2.4.1.

2.4.1 Organisational design

Schlesinger *et al.* (1992: 2) suggest that managers use different organisation design tools to organise a large number of people. These tools include job design, compensation systems, performance-appraisal systems, training programmes, and reporting relationships. The design and implementation of these tools can have a major impact on an organisation's financial performance (see figure 2.3).

FIGURE 2.3: THE HUMAN ORGANISATION



Source: Schlesinger, Sathe, Schlesinger and Kotter (1992: 2)

One of the organisational design tools that can have an impact is the organisational structure as indicated by figure 2.3. The structure is one of the elements that determines the type of people needed to ensure effectiveness and efficiency in an organisation. One of the elements that were identified in chapter 1 as being a “factor in derailing IMC” was organisational structure. **Structuring** is therefore an important part of the organisation’s success and attention must be given to designing an effective structure that will support the strategy of an organisation. Organisational structure, the different structural alternatives available to managers as well as emerging structures will be highlighted in further discussions (sections 2.4.2, 2.4.3, and 2.4.4). An organisation can, therefore, not pursue a strategy of integration if the organisational design does not support it through the necessary structures.

The structure however does not function in isolation and factors such as the external environment must be considered before designing of the structure can become a reality. Schlesinger *et al.* (1992: 468) conclude that to develop a human organisation that contributes to long-run effectiveness means developing enough flexibility and anticipatory ability so that the organisation can adapt to inevitable changes in its environment. The external environment forms part of the contingency factors that must be taken into consideration.

(a) Contingency factors and organisational design

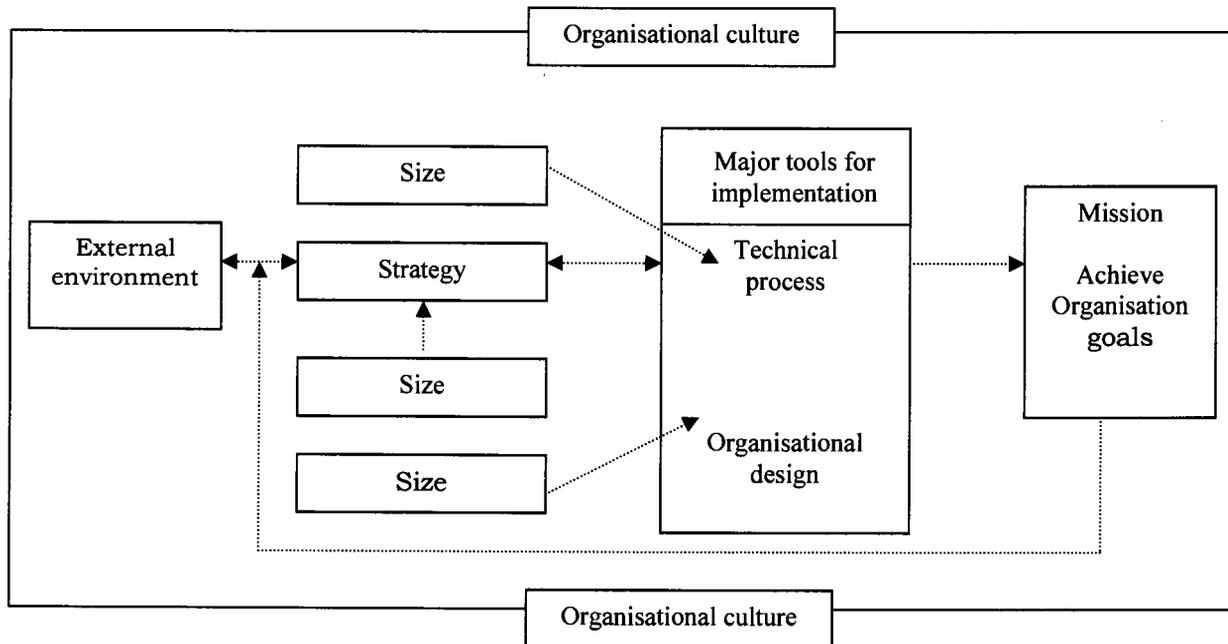
Early in the study of management, classical theorists attempted to develop the ideal organisation structure. Their findings, however, suggested that a structural configuration that seemed to work for one organisation was deterrent in the effectiveness of another. The **contingency theory** began to emerge in response to this. This management viewpoint argues that appropriate managerial action depends on the particular parameters of the situation. The contingency theory was also briefly discussed in section 2.2.2 as part of the contemporary approaches to management. In developing an organisation structure, attention should be given to contingency factors as researchers came to recognise that the best structure for a given organisation depends on contingency factors (Bartol & Martin, 1998: 288).

According to Champoux (2000: 325) managers often assess four contingency factors, namely the **external environment, the organisation's strategy, its technical process and its size**, before deciding to design or redesign an organisation. Each factor on its own can affect design decisions, or they can act as a collection of forces that both constrain design choices and drive them.

Managers often assess the uncertainty in the external environment of their organisation before considering design decisions. Managers can respond to uncertainty in the environment by increasing information about the environment or by making the organisation more flexible in its response to the environment.

Figure 2.4 shows some relationships among the contingency factors.

FIGURE 2.4 RELATIONSHIPS AMONG THE CONTINGENCY FACTORS OF ORGANISATIONAL DESIGN



Source: Champoux (2000: 326)

Figure 2.4 indicates that the **external environment** of an organisation is dynamic and can change, forcing managers to formulate a new **strategy** for dealing with the change. Implementing that strategy can require a change in some aspect of the **organisation's design, technical process** or both. The **organisation's size** can also affect several factors such as the design, technical processes and the strategy.

Figure 2.4 also shows **organisational culture** surrounding the relationship among the contingency factors. Organisational culture forms the context within which managers decide about organisational design and redesign. An organisation's culture can be a source of resistance to change. Managers will therefore need to understand their organisation's existing culture before beginning an organisation's redesign effort (Champoux, 2000: 326).

Three contingency factors namely the environment, technology and size will be discussed further to understand the influence of these factors on the organisational structure and hence also on the structuring of the integrated communication function.

(i) **Environment**

Bartol and Martin (1998: 303) are of the opinion that Tom Burns and G.M. Stalker conducted one of the most famous studies on the effects of environment on organisation structure. Burns and Stalker discovered, after studying 20 British industrial firms, that the organisations had different structural characteristics. This depended on whether they operated in a stable environment with relatively little change over time or an unstable environment with rapid change and uncertainty.

Organisations that operated in a stable environment tended to have relatively mechanistic characteristics – highly decentralised decision-making, many rules and regulations, and mainly hierarchical communication channels. Much of the emphasis was on vertical co-ordination, but with very limited delegation from one level of management to the next (Bartol & Martin 1998: 303).

The organisations were able to operate with these characteristics and still be reasonably successful because changes in their environment occurred gradually. This made it possible for top management to stay on top of these changes (Bartol & Martin 1998: 303). In other words, in a **mechanistic structure**, authority is centralised at the top of the hierarchy, and the vertical hierarchy of authority is the main means to control subordinates' behaviour (Jones *et al.*, 2000: 63).

Organisations, however, that operated in a highly unstable and uncertain environment were far more likely to have relatively **organic** characteristics – decentralised decision making, few rules and regulations, and both hierarchical and lateral communication channels. Here the emphasis was on horizontal co-ordination, with considerable delegation from one level to the next. The organisations required these characteristics because their rapidly changing environments made it necessary for individuals at many levels to monitor the environment and help decide how to respond (Bartol & Martin 1998: 303).

Thus, in an **organic structure**, authority is decentralised to middle and first-line managers to encourage them to take responsibility and act quickly to pursue scarce resources. Departments are encouraged to take a cross-departmental or functional perspective and authority rests with the individuals and departments best positioned to control the current problems that the organisation is facing (Jones *et al.*, 2000: 63).

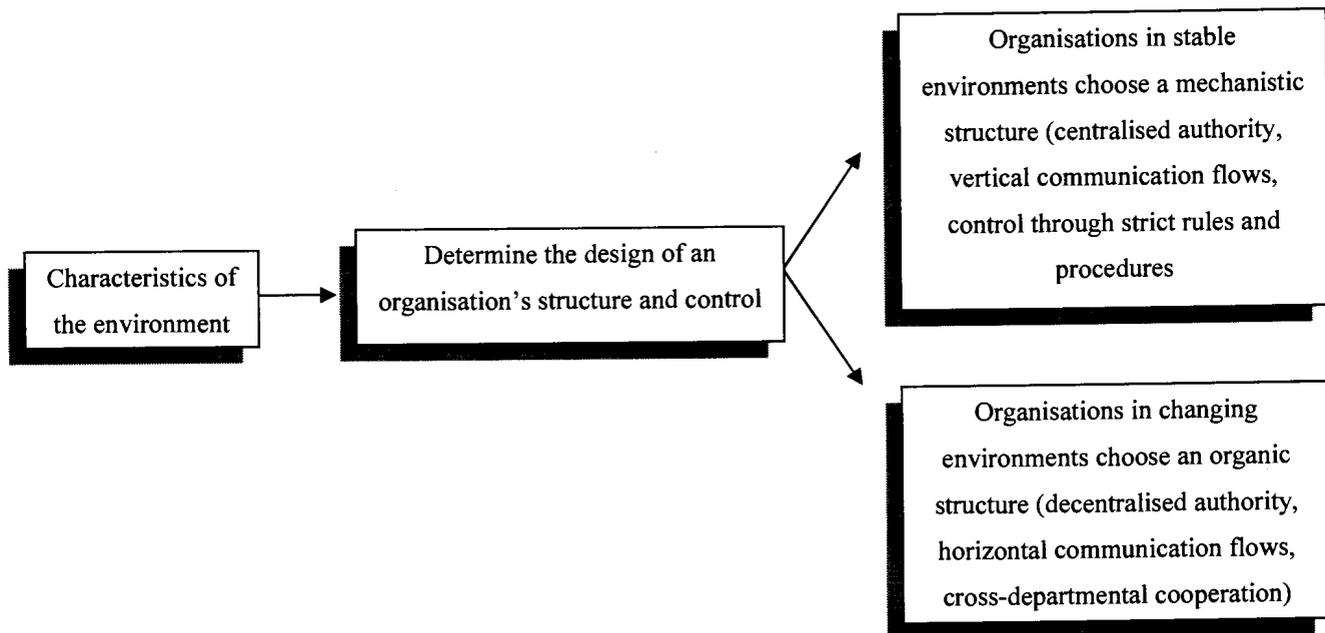
Two management professors, Paul R. Lawrence and Jay W. Lorsch (discussed in Bartol & Martin, 1998: 303), went a step further and reasoned that organisational environments might have different effects on various units within the same organisation. They investigated three departments in three industries with different environments.

Their focus was on differentiation, the extent to which organisational units differ from one another in terms of the behaviour and orientations of their members and formal structures. They discovered significant differentiation among the three types of units studied.

When they considered organisational effectiveness, the researchers found that the most effective organisations attempted to balance differentiation with efforts toward integration. The greater the differentiation among departments because of environmental instability, the greater the efforts toward integration in the most successful organisations. Methods of horizontal co-ordination, such as teams and managerial integrators were particularly important.

Jones *et al.*, (2000: 63) summarise the above discussion on the environmental influences as part of the contingency theory in figure 2.5:

Figure 2.5: THE ENVIRONMENT AS PART OF THE CONTINGENCY THEORY OF ORGANISATIONAL DESIGN



Source: Jones *et al.* (2000: 63)

Figure 2.4 highlighted all the contingency factors that can have an influence on organisational structure whereas figure 2.5 focused specifically on the environment as part of the contingency factors. Two other factors identified in figure 2.4 namely, technical process and size will also be discussed briefly.

(ii) Technical process

Different organisations can require different structures partly because of the **technical process**, the knowledge, tools, equipment, and work techniques used by an organisation in delivering its product or service (Bartol & Martin, 1998: 299).

Bartol & Martin (1998: 299) discuss a research study that was conducted in 1950 by a team led by British sociologist Joan Woodward, who determined that three different types of technologies were reasonably predictive of the structural practices of the organisations that formed part of the study.

The research team found that increasing complexity was associated with more levels of management, more staff personnel per line worker, and larger spans of control at upper management levels. In contrast, formalisation and centralisation were low in organisations using unit and small-batch, as well as continuous process technologies, in which appropriate work decisions must be made at the lower level.

Overall, Woodward's research indicated that the most successful organisations had structural characteristics that were close to the median for their particular technology. According to Bartol & Martin (1998: 300) research since Woodward's groundbreaking study has supported the importance of technological complexity in influencing organisation structure.

(iii) Size

Bartol & Martin (1998: 301) discuss four trends that have been identified by studies of size effects on structure, namely:

- As organisations grow, they are likely to add more departments and levels, making their structures increasingly complex. With functional structures, such growth creates pressure for change to divisional structure.
- Growing organisations tend to take on an increasing number of staff positions in order to help top management cope with the expanding size. This tendency levels off when a critical mass of staff has been achieved, but it helps lead to the third trend.
- Additional rules and regulations seem to accompany organisational growth. The unchecked proliferation of additional rules and regulations may lead to excessive formalisation and lower efficiency.
- As organisations grow larger, they tend to become more decentralised. This is probably due in part to the additional rules and regulations that set guidelines for decision making at lower levels.

Organisational design tools are used to organise. Schlesinger *et al.* (1992: 7) conceptualised the formal elements of organisational design to be task, people, **structure**, measurement systems, reward systems, and selection and development systems.

These elements were depicted in figure 2.4. Organisation structure does however not function in isolation and various contingency factors that can have an influence should be considered. The external environment, its technical process and its size were three of the factors identified in figure 2.4 and discussed further in section 2.4.1 (a).

The contingency factors' influences on organisational structure can play a role in how excellent South African organisations structure their communications and should be kept in mind when developing a framework for structuring integrated communications. Thus to be effective and understand the contingency factors, management must clearly understand the organisational structure. For the purpose of this research the structural element will therefore be further investigated

2.4.2 Organisational structure

Fritz (1996: 14) believes that people must rather think of structure as dynamic, rather than static in order to comprehend its nature. People have the tendency to think of structure as static, fixed or stationary. Structure however, is a dynamism that propels movement, change, transformation, and fluctuation. Fritz (1996: 14) is of the opinion that the study of structure teaches one how change can and must occur.

Fritz (1996: 15) contends that change will not succeed if the underlying structure does not support it and if it does support it, the probability of success will be greatly increased. Although structure is intangible, the consequences of structures are visible in terms of unclear strategies, tactics that compete against each other and under funded projects that lack the full support of the organisation.

Robbins (1990: 5) defines structure as follows; "*organization structure defines how tasks are to be allocated, who reports to whom, and the formal coordinating mechanisms and interaction patterns that will be followed*".

Gibson, Ivancevich and Donnelly (1994: 15) view the organisation's structure as the formal pattern of activities and interrelationships among the various subunits of the organisation.

Schlesinger *et al.* (1992: 7) are of the opinion that when a manager allocates responsibilities, activities and authority to individuals and co-ordinates these individuals vertically and horizontally, they define a structure. According to Jones, George and Hill (2000: 9) the organisational structure is the outcome of organising and the structure also determines how an organisation's resources can be best used to create goods and services.

Schlesinger *et al.* (1992: 7) posit that the elements of a structure include subunits such as departments or divisions, a management hierarchy, rules and plans, and committees and task forces. Organisational structure groups jobs into subunits such as departments, and it groups subunits into large subunits such as divisions. This grouping is usually based on functional similarity. Thus organisational structure provides an orderly arrangement among functions so that the organisation's objectives can be accomplished effectively. Organisational structure must therefore be consistent with an organisation's strategy. Strategic planning specifies *what* will be accomplished by *when*; organisational structure specifies *who* will accomplish what and *how* it will be accomplished (Ivancevich, Lorenzi, Skinner & Crosby, 1994: 254).

Ivancevich *et al.* (1994: 254) are of the opinion that many organisations try to implement a new strategy with an obsolete organisational structure. They argue that an effective organisational structure is not the result of luck or chance, but it is the responsibility of management to deliberately develop a structure that enhances the organisation's overall strategy.

Different structural alternatives are available to management to do just that. The next section will therefore explore the different structural alternatives as well as emerging structures to determine the options available for integrating the communication functions.

2.4.3 Structural alternatives

Different structural alternatives exist that can aid management in their management task of organising. Management should consider the alternatives and determine the most appropriate structure for their specific organisation. Various alternatives will therefore be discussed briefly.

- A **functional structure** is a type of departmentalisation in which positions are grouped according to their main functional or specialised area. Positions are combined into units on the basis of similarity of expertise, skills, and work activities (Bartol & Martin, 1998: 287).
- In **divisional structures** positions are grouped according to similarity of products, services, or markets. Each division contains the major functional resources it needs to pursue its own goals with little or no reliance on the other divisions (Bartol & Martin, 1998: 287).
- **Hybrid structures** adopt parts of both functional and divisional structures at the same level of management. Functional departments are created to take advantage of resource utilisation efficiencies, economies of scale, or in-depth expertise. At the same time, divisional departments are used when there are potential benefits from a stronger focus on products, services or markets (Bartol & Martin, 1998: 288).
- A **matrix structure** is a type of departmentalisation that superimposes a horizontal set of divisional reporting relationships onto a hierarchical functional structure. Thus the structure is both a functional and a divisional organisation at the same time. There are two chains of command, one vertical and one horizontal. Employees who work within the matrix therefore report to two matrix bosses (Bartol & Martin, 1998: 298).

Schlesinger *et al.* (1992: 8) suggest the following: **Functional organisations** are most appropriate when the organisation makes a fairly standard single product or a related line of products that are technologically stable in a stable environment. **Product organisations** are formed when more lateral communication becomes necessary. The organisation can handle the increasing uncertainty, the increasing amount of information necessary, and the increasing complexity and diversity. **Matrix organisations** group individual jobs into two or more subunits, and co-ordinate different functional specialities, while preserving the functional organisation. This design enables them to identify and concentrate on the changes in markets, customers, technology, and information, therefore responding quickly to change. **Divisionalised organisations** produce a variety of products and service a number of markets and areas. Each division is a relatively autonomous business unit with most functions reporting to a general manager who has profit and loss responsibility.

Different structural alternatives are available to management. There are however, also emerging structures that need consideration in the new century and that can support the “new model” of organisation that were identified in figure 2.4 in section 2.3.4. Ancona *et al.* (1999: 17) proposed that an understanding of the networked, flat, flexible, diverse and global “new model” is necessary. The process structure, networked structure, self-managing teams and the virtual organisation are the emerging structures that support the “new model” of organisations and will be discussed next.

2.4.4 Emerging structures

Bartol & Martin (1998: 298) identified two emerging types of structures namely, the process structure and the networked structure.

- A **process structure** is a type of departmentalisation in which positions are grouped according to a complex flow of work. Individuals from each function who work on a process are grouped into process teams and given beginning-to-end responsibility for that process. Under this type of structure, divisions might have names like new product development, order fulfilment, or customer acquisition and maintenance – signifying the processes for which they are responsible. The structures tend to be relatively flat and are therefore sometimes referred to as the horizontal organisation. Functional specialities work together in a team environment making it possible for most operating decisions to be made at relatively low levels in the organisations by the teams (Bartol & Martin, 1998: 298).
- The **networked structure** is a form of organising in which many functions are outsourced to other independent organisations and co-ordinated through the use of information technology networks to operate as if they were within a single corporation. This type of structure is referred to as the virtual corporation because it performs as if it were virtually one corporation (Bartol & Martin, 1998: 298). Champoux (2000: 335) defines a **virtual organisation** as a network of organisations or individuals that focus on reaching a specific target or responding to new opportunities. Any organisation that lacks a particular skill or resource enters an agreement with an organisation or person with that skill or resource. Information technology links the organisations and individuals so they can operate as though they were a single organisation.

The number of elements in a virtual organisation network is defined by the skills, talents, and resources needed to reach this goal (Champoux, 2000: 335).

Champoux (2000: 335) also adds **self-managing teams** as another evolving structure. The many changes in the external environment emphasise the need to focus on customers and flexibility in response to changing needs. Managers find it necessary to move decisions to lower levels in their organisation to meet both requirements.

An organisation that relies on **self-managing** teams uses decentralisation to move decisions to the teams and authorise those teams to decide about product design, process design and customer service. Many such teams also contain people from different functions in the organisation.

Self-managing teams were discussed in detail in section 2.3.1 as part of changes that are taking place in managerial hierarchies and are just mentioned briefly in section 2.4.4. The emerging structures briefly discussed in section 2.4.4 are necessary to implement the “new” networked, flat, flexible, diverse and global organisation defined in section 2.3.4.

2.5 Summary

Management theory has evolved over the years in search for better ways to utilise organisational resources. The classical approaches focused on the internal functioning of the organisation and included the scientific management approach, the process management perspective, the bureaucratic approach, the human relations approach, and the quantitative management approach.

The contemporary management approaches developed due to increasing turbulence in the external environment. Some of the main schools of thought are the systems approach, the contingency approach, the excellence movement, total quality management, the learning organisation, and re-engineering.

Future organisations will be structured to be more flexible and adaptable. Organisations have changed their managerial hierarchies and self-managed teams are seen as the answer for improved quality.

The use of teams has been successful in a variety of organisations and has therefore gained increased attention as being the foundation for organisations in the future. Teams are also seen as being an important building block for competitive advantage. Limitations to team approaches must however be taken into consideration to increase the success rate of teams.

The open organisation and the boundaryless organisation are seen as other alternatives for bureaucracy and calls for integration, process and teamwork. A new model of organisation is necessary for survival in the 21st century. The boundaries of the new model are permeable and the organisation consists of fewer layers to respond more rapidly to change. Managers need to understand the new model in order to take action in today's organisation. Organisations that want to contribute to long-run effectiveness must focus on flexibility and anticipatory abilities to be able to adapt to changes in the environment.

An important aspect of managerial work involves the *organising* of human resources. There is however no best way of organising as it depends on the balance of an organisation's key success factors, design factors and organisational culture. There are however, various reasons that explain the necessity of organising.

Organisational design is the way organisations are structured to reach goals. The external environment, the organisation's strategy, its technical processes, and size are normally assessed before decisions regarding the design are made. The four factors are seen as contingency factors influencing the design of organisational structures. The "best" structure for a given organisation therefore depends on the contingency factors. *Organisational structure* is the outcome of organising. Different structural alternatives are available that can be used. The process structure, networked structure, self-managing teams, and the virtual organisation are seen as emerging structures that need consideration in the new century.

The above chapter focused on structures and management issues that are necessary for the new century. It is however necessary to gain insight into the field of public relations and the structuring of the specific function in order to apply the management principles of chapter 2 to the integrated communication function. Chapter 3 will therefore investigate the various definitions of public relations, the evolution of public relations, and the structuring of the function.