A STUDY OF THE EFFECT OF CONTINGENCY ON ORGANISATIONAL FORM

By

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SUMMARY

The most pervasive organisations in the global economy today are large chain or multi-unit organisations. They represent over 10% of all business and can often be seen as true global organisations, operating strategic business units both nationally and internationally. This important organisational form is evident within the UK’s manufacturing and service sectors. UK multi-unit organisations represent the fastest growing businesses and the largest contributors to the UK economy. However, there has been little research into the way multi-unit organisations behave strategically and structurally.

The aim of the research presented in this study is to examine the effect of external contingency on multi-unit organisational form. In particular, to examine the nature of strategy and structure in relation to an organisation’s ability to counter uncertainty occurring in the organisation’s external environment. This relationship between strategy/structure is analysed by the application of communication behaviour at the level of middle manager.

The multi-unit manager sits between head office and unit management and, as such, can be seen as a critical role for the dissemination of strategy down throughout the organisation and the reporting of operational information upward. The measure used to assess strategic-structural character within the study is formalisation. To the effect the study structurally delineates organisations as either ‘tight’ and relatively formal or ‘loose’ and relatively informal.
The study was applied within five UK multi-unit organisations (two in an exploratory study and three in the main study). To address the research question extensive preliminary research and an exploratory study was conducted. From the analysis of this preliminary work the main study methodology was formulated. The main study was conducted through direct observation of the multi-unit manager role followed by the distribution of self-administered diaries over a five-week period within a population of thirty-four UK multi-unit managers. The diaries measured communication with in the multi-unit manager population across a number of key variables in regard to non-routine (contingent) events at the unit level of the organisation.

The results findings showed that when the respondent organisations were delineated by assigning strategic character, 'tight' or 'loose', only tentative association was found. However, when the population was delineated by individual organisation significant difference was found in communication behaviour of the different organisations multi-unit managers. Furthermore, significant difference was found between the individual managers, regardless of organisation, within the population. These findings indicate that the differences in the respondent organisations may not be fully supported by the strategic character classification scheme used within the study.

Furthermore, the findings support the idea that the cause of significant difference may be found in the manner in which individual organisations are structured and the levels of human capital contained within the population of managers. The findings also show a significant relationship between the main communication variables used for
measurement and analysis. The degree of joint association found within the key variables used to delineate communication behaviour in regard to contingency will also explain the level of variance found in the results.
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DEDICATION

I dedicate this thesis to God and the memory of my Father, Mother, Shaun and Agnes
“My language is the sum total of myself; for the man is the thought.”

**C.S. Pierce Collected Papers**

“We are faced in the social sciences, with a full and complicated interaction between observer and observed, between subject and object.”

**K. Popper Poverty of Historicism**
CHAPTER ONE

INTRODUCTION
Chapter One

1.0 Chapter One – Introduction

The objective of this study is to examine the relationship between corporate strategy and front line contingency. It asks questions about how far strategy needs to incorporate contingency or whether it is handled, not by the content of strategy, but by the organisational structure which implements it. The study is applied to service industries and uses the variable of communication as its medium for measuring the relationship. To affect this measurement the study focuses on the key multi-unit organisational role, which acts as a conduit between strategy and its implementation, that is, the multi-unit manager. The assumption is that the pattern of communication will indicate the comprehensiveness and salience of strategy at the point of delivery of the service.

In order to capture the comprehensiveness of strategy the study uses multi-unit management. This provides the opportunity to observe how wide a range of possible contingencies is accommodated by organisational strategy. The study recognises that strategies can vary by degrees of precision and that organisations can implement strategies through different types of organisational structure. In this study it is assumed that the main intervening structural variable will be the degree of organisational formality, which is measured. The study also uses a simple measure to delineate the degree of precision of strategy and uses the dimension of ‘tight’ and ‘loose’ for this purpose.
The assumption is that ‘tight-loose’ will be reflected by an intervening variable, that of communication behaviour. The study measures communication at the point of information exchange within the multi-unit organisation at the multi-unit manager level. In particular, measuring the behaviour of the incumbent in exposure to non-routine (contingent) events will illustrate the dynamics of the strategy-structure relationship in its ability to counter contingency.

The study will also analyse variance between organisations and individual managers, not identified by pre-defined strategic-structural character, in regard to their handling of contingency. The objectives of this study, all measured through communication variables are;

1. To investigate the relationship between the management of contingency and the organisational character of strategy-structure.

2. To investigate the relationship between the management of contingency and the organisational character of strategy across individual organisations.

3. To investigate the relationship between the management of contingency and the organisational character of strategy across individual managers.

To achieve these objectives the study will measure contingent communication in three separate analyses using three independent variables. These are;

1. The sample population analysed by ‘tight’ and ‘loose’ categorisation.
2. The sample population analysed by organisation.

3. The sample population analysed by the human capital of individual managers.

The objectives can be expressed as two working propositions:

**Proposition one**

- That communication behaviour is affected by the degree of tightness or looseness in the strategic-structural character of the organisation to the effect that hypotheses may be drawn relating 'tight' and 'loose' to having 'effect' or 'no effect' on contingency.

**Proposition two**

- That the effect of contingent behaviour on the role of multi-unit manager is delineated by the human capital of the individual manager.

### 1.1 Study background

The growth of the service sector and its effect on the economy and labour philosophy has long been of interest to the researcher. Of particular interest is the shift in production of tangible unit items, seen in manufacturing, to the production of intangible services, which often defy ownership, standard consumption, inventory, and scientific modes of control. Albeit, one of the many service industries, an industry
that exemplifies all afore mentioned aspects of complexity, found in the nature of services, is that of the hospitality industry.

Moreover, the contemporary champions of this sector are large organisations that deploy standardised branded services across a number of locations regionally, nationally and, in many cases, globally. The very aspects that make manufacturing and single-site business open to tangible techniques of control are not found in these organisations. The essence of these organisations is intriguing, as they exist in a situation where the functional core of the organisation is geographically and conceptually removed from the production components of the organisation. For reasons of operational efficiency and profitability, this reality is further compounded by the organisational necessity to disseminate key strategy throughout the organisation, in a situation where strategic formulation occurs in ignorance of its implementation. This reality manifests issues of strategic efficiency and control in the mind of the researcher, which necessitates further inquiry. Moreover, as cost reduction and standardisation of service delivery is the key to success for the multi-unit organisation, the structural issues that are inherent to it add to the complexity of operation, the nature of its function and the philosophy of enquiry.

Over the past three decades western economies have seen a major shift from manufacturing towards services as the predominate industrial sector. This has been reflected in the US with 90% of the working population contained within the service sector (EIU, 1991; Heskett, 1986). This figure is comparable to the UK and mainland Europe with a progressive increase of 25% growth in the size of the sector occurring in the past twenty years, (EIU, 1991). The service economy encompasses many
industries, including; financial services, professional business services, transportation, technical, distribution, maintenance, health and welfare, leisure, hospitality and education, (Teare and Boer, 1991). Within the service sector exists the hospitality industry, employing 212 million people globally, or 10% of the world's workforce and generating $646 billion worldwide annually, (EIU, 1995).

The face of the hospitality industry is a composite of small independent operators and large multi-unit organisations. These organisations operate in a highly competitive global environment in search of prime site location, supplier economies and lucrative market segments, (EIU, 1995; Paul, 1994; Shea and Roberts, 1995). This leaves disparate and fragmented market opportunities for independent hospitality providers. The main players of the hospitality sector are multi-unit operators who dominate the market with brands names, including: McDonald's, Marriott, Four Seasons, Hilton, Holiday Inn, PizzaExpress, All Bar One, Subway, etc. etc. The strategies employed by these organisations for growth have been built upon the foundation of cost reduction, standardisation, novel growth structures and high returns from brand name capital, (Teare and Olsen, 1992; Jones and Pizam, 1993). The sector's growth has been so intense that in some global cities the market has reached saturation, (Vlitos-Rowe, 1996).

Multi-unit organisations have to operate across a large territory, in multiple operating environments, deploying and delivering standardised branded service concepts. This organisational format includes those organisations that operate multiple types of branded concepts, often in the same locale, through their network of site locations. Traditionally, the multi-unit organisation is found towards the end of the
organisational life cycle in the maturity phase, (Sasser et al. 1978; Becker and Olsen, 1995). Characteristics of this phase include well-developed systems and markets, a high level of formalisation, a high degree of system rationalisation, and a high level of functional specialists, (Sasser et al. 1978). Operationally, a majority of these multi-unit organisations also fall into the typology of 'factory shops' offering low levels of service interaction, customisation and labour intensity, (Schmenner, 1986). Moreover, many multi-unit organisations still exhibit the structural aspects of a traditional 'mechanistic' hierarchy. These aspects are demonstrated in the reporting structure and functional division within the organisation, (Burns and Stalker, 1961). The multi-unit organisation is also thought to exhibit high degrees of operational complexity, (Olsen et al. 1992).

The structure of the multi-unit organisation is interesting in its design and attributes. The multi-unit organisation's corporate headquarters is situated in a location removed from that of the operating units. Policy and strategy is formulated at this location and disseminated down throughout the organisation in accordance to the capricious nature of senior management. However, the operating units are exposed to the environment in their individual locations and report operating and financial information upwards towards the apex of the organisation. Efficiency is realised upon the effective coordination and control of the operating units in the delivery of the standardised concept. The physical and conceptual distance of the organisation's strategic formulators from its strategic implementers, operatives and customers within the organisation creates a possible interface for high degrees of operational complexity. The structural reality of the organisation necessitates high levels of organisational control, which are needed for the standardisation of a branded concept and its
deployment across multiple operating environments. Each unit's operating context will display a varying degree of change in its micro-economic and demographic environment.

The structural role that sits in between head office and a given location is the multi-unit manager, who has the task of overseeing and controlling a number of operating units within a predefined territory. Structurally, this role may be seen as an information conduit, the incumbent filters and reports operational and financial information upwards whilst disseminating strategic information down throughout the organisation. In most cases, the structure of the multi-unit organisation shows a direct reporting line from the unit manager through to the multi-unit manager then up to the operations director and the board. The multi-unit manager, as a key strategic role, sits in the tenuous position of being the tangible 'visual' component of the organisation, in the mind of subordinates, and being seen as the observational and operational component by senior management. These inherent attributes of the role make it one open to complexity due to it being both a structural and conceptual position.

The converse of this situation would be true in an informal organisation where the strategic process and role of multi-unit manager will be less sophisticated and defined. In this situation the role of the multi-unit manager as carrier and filter for information would not be true and one would observe the multi-unit manager being involved in duties that, logically, should be under the remit of unit subordinates. The contingency that the organisation is exposed to at its operating interface will not be countered and ameliorated, the multi-unit manager will thus be exposed resulting in more
operational issues and less time to perform the tasks of reporting and monitoring vital operational information.

Previous research that has looked at multi-unit organisations and the nature of the role of the area manager has been quite limited and almost entirely US quick service restaurant based, (Muller and Campbell, 1995; Muller, 1994; Umbreit, 1989; Lefever, 1989). The overall transferability of the research has also been inhibited by the fact that it has been carried out entirely within the same organisation. One study that has overcome this limited single-sector single-organisation approach has been the work of Goss-Turner (1997) who looked at UK based multi-unit organisations.

However, the understanding of the multi-unit organisation and multi-unit manager is still far from universal. Albeit, limited in its application qualities, it is universally thought that the role of the multi-unit manager is difficult, in terms of the skill set required, role development and the working environment. The critical competencies of the role, as developed by (Muller and Campbell, 1995; Umbreit, 1989; Goss-Turner, 1997), are diverse and complex in the critical issues pertaining to them, thus adding to the role’s overall complexity.

Furthermore, previous research into the multi-unit organisation and the multi-unit manager appears to be consistent with the view that there are deep inherent issues of complexity attached to the understanding of these phenomena, but there appears to be a missed opportunity to really tackle the nature of these. There has been no attempt to gain insight and understanding into the fundamentals of strategic efficiency and organisational structure inside the multi-unit organisation. Moreover, there has also
been little enquiry into the true role of the multi-unit manager, both strategically and structurally.

It is important to meet these gaps in the epistemology surrounding the multi-unit organisation as the sector represents a sizeable contribution to the UK economy in terms of product and employment. Moreover, in understanding the issues that affect the operating dynamics of these organisations will ultimately aid in the development of knowledge and delivery of focused and relevant business services.

1.2 Study structure

Chapter two will look at the fundamental nature of the service sector and its background in economic and social discourse with particular emphasis on the theoretical background to multi-unit organisation. The structure of the multi-unit organisation and the dynamics of their operating environment will be discussed in relation to organisational and managerial theory. This will lead into analysis of the nature and role of strategy and structure in these organisations, which will be discussed in chapter three. The development of key theory relating to strategy, control and inherent complexity within multi-unit organisations will be highlighted and developed. This leads to a discussion on communication and communication behaviour as a method of observing environmental complexity interfacing with strategy, which is the subject of chapter four. The research methodology will be detailed in chapter five followed by the findings, conclusions and discussion chapters.
1.3 Reference List


London: Cassell.


CHAPTER TWO

THE MULTI-UNIT CONTEXT
2.0 Chapter two – the multi-unit context

This chapter will position the multi-unit organisation within the context of this study. Initially, the service sector will be analysed and within this the discussion will concentrate upon the hospitality industry. The multi-unit organisation will become a focus of this chapter as the organisational type of interest as will the analysis of the multi-unit manager, as a key position within these organisations. Furthermore, the identification and analysis of the components of the role of multi-unit manager and the skills required for its success will also be discussed. Chapter two will detail the context of the study and provide the foundation for support of Chapter Three, which contains a discussion on the structure and strategic behaviour of organisations.

2.1 The service sector

Over the past three decades the West has seen a monumental shift from an economy based principally upon manufacturing to an economy based upon services, (EIU, 1991). The expanded service economy includes industries such as; the financial sector, managerial support, transportation, technical, distribution, maintenance, health and welfare, leisure, hospitality, and education, (Teare and Boer, 1991). Here in Europe official statistics show that 60% of the workforce is presently contained within the domain of the service sector, (HCTC, 1994). Over the past two decades this figure displays a 25% rise in European workforce numbers. In America this figure has been shown to be in excess 90% (EIU, 1991). Both Europe and America show little signs of growth in the service sector slowing (Heskett, 1986; EIU, 1991).
In the UK about 90% of all businesses operate within the service sector, accounting for 69% of the country’s GDP, (Stokes, 1993). The high value to the domestic economy of the service sector is mirrored among other world nations who all show tremendous growth in this economic sector. The growth of the service sector has been concentrated and compounded by post-modern industrial rationalisation, globalisation, population asymmetries, higher levels of disposable income, differing social structures and, in general, more discernible free time first world nations.

2.1.1 The nature of services

Service organisations are very different in their fundamental nature compared to that of manufacturing organisations. In the delivery of services the output of production is an interactive product in which the consumer has a high degree of participation. The intangibility of production and delivery that often accompanies a service encounter is a source of complexity within service organisations. This situation is caused by the complexity of human interaction, which has the causal effect of creating a high level of input and output uncertainty in the production of services, (Parasuraman et al. 1985). Huete (1992), summarises the intangibility of service encounters, “a service encounter is not a connection between two mechanical parts, but rather an interpersonal exchange where a company seeks to satisfy the unique needs and expectations of an individual through a somewhat flexible service offering”, (Huete, 1992), pg.96. The intangibility of service encounters are summarised in Table 2.1, which highlights the five distinguishing factors of a service encounter, as shown in the following (table 2.1):
Table 2.1: The five distinguishing factors of a service encounter

1. Services are transient – they are "consumed" there. They have no lasting material being and may leave only memories.

2. Services are mainly represented by people – they cannot be separated from the person of the provider, whose personal characteristics and self-perception are "on-show" to the consumer and indeed form an important part of the consumer perception.

3. Services are only finally selected face-to-face with the consumer and at the time of consumption. They are perishable – you cannot have a production run and store services against future demand.

4. Services are, therefore, essentially a series of "one-off" production runs. It is difficult to achieve standardisation or exercise the same controls over production as you would with a product, for example through "quality" controls.

5. Services are open to influence from the consumer, not just in some indirect way, as through research or even the exercise of choice, but directly since they participate in and help make the final product.

The work of: Prof. Christian Grönroos, Svenska Handelshögskolan, Helsinki. Cited in, (EUI, 1991), pg. 7:

The dimensions of a service encounter emphasised above can be categorised under the areas of uncertainty, heterogeneity, and intangibility. Principally, these aspects are due to the human element of the service encounter. The service product being sold to the consumer is often only made tangible by the behaviour of person producing the service. The service product is highly perishable and consumption is usually at the point of production, (Olsen et al. 1992). This results in service organisations not being able to build up inventories of the finished product as it is often produced only in interaction with the consumer. This results in control implications that do not exist.
in other industries. The level of uncertainty that is inherent in service organisations also forms the basis of the rational argument for the reduction of human service customisation by the use of standardisation and service delivery scripting, which is use intensively by the quick-service restaurant sector, i.e., the McDonald’s or Starbucks experience. Service performance is made tangible by measurement in the consumer’s mind upon consumption of the service, measured in terms of the quality, format and duration of the experience perceived by them, (Parasuraman et al. 1985; Riley, 1996; Foley et al. 1997).

2.1.2 The service reality

The service industry is characterised by a number of factors that seem to the outside observer to be detrimental to the overall image of this large and important industrial sector. Albeit, apart from a minority of higher echelon jobs (particularly, in financial services) the majority of service industry positions are characterised as; low paying, high in turnover, and in many cases, rudimentary in skill requirement, (Huete, 1992; Riley, 1996; Heskett, 1986). This, in part, is due to the fact that most of these employment positions occur in the tourism and hospitality industry. The traditional ‘heroes’ of the service economy such as McDonald’s, were those organisations’ who did their best to eliminate the ‘troublesome’ human element in the service delivery, (Huete, 1992). This resulted in a managerial philosophy of ‘neo-Taylorism’ that tried to reduce labour skill to the lowest common denominator. The essence of the managerial philosophy of ‘Taylorism’ in the service economy is to simplify and standardise producer/customer contact as much as possible, (Sill, 1994; Groves et al.

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\[1\] In regard to F. W. Taylor the founder of Scientific Management (circa. 1920), which heralded the start of wide range industrial deskilling.
The necessary control to counter 'troublesome' human irrationality and service intangibility is met by the strict regulation of behaviour and task deskilling, (Schmenner, 1986). This results in many service organisations reducing labour intensity in their operations in favour of technology\(^2\) and reducing the levels of customer interaction and customisation. These factors will in view of the organisations’ reduce uncertainty in the production of their service offering. These factors could be seen in banking by the introduction of ATM’s\(^3\), in the 1980’s, which reduced the numbers and task complexity of bank clerks, (Huete, 1992) and the ‘factory’ fast food restaurant, (Schmenner, 1986). The effects of labour deskilling and standardisation resulted in the fracturing of the newer rationalisation of normative managerial ideology and a return to earlier economic rational ideologies (Barley and Kunda, 1992). The generic economically rational managerial ideology is delineated by policy that seeks to keep, (Huete, 1992);

- Job descriptions defined as narrowly as possible.
- Wages kept at a minimum.
- Training reduced to rudimentary levels
- Information systems used to monitor employee performance rather than support or assist the actual providers of the service.

At its worse, the neglect caused by such an insular understanding of organisational governance has resulted in high levels of labour migration and turnover. The contingent effect of this is the incurrence of high levels of recruitment and training

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\(^2\) As seen in the increase of low human service interaction budget hotels.

\(^3\) ATM – Automated Teller Machine.
cost; i.e., Sears, in 1989, saw 119,000 jobs turnover, costing the organisation $110 million dollars, which accounted for 17% of the group's total income, (Ulrich, 1991). These factors seem to counteract the logic behind job betterment ideologies such as job enrichment and empowerment, (Barley and Kunda, 1992; Herman, 1982).

Furthermore, service roles can also be seen as containing a high level of latent stress attached to them. This is because most service incumbents' are in a situation where not only is there a high degree of uncertainty, the role is generally 'boundary spanning' in its nature, but also because the incumbent is commonly in the position of subordinate in relation to that of the customer, (Shamir, 1980). These factors add to the complexity of service delivery and uncertainty reduction. However, there are service organisations that are starting to realise the erroneous effects of such factors and the managerial philosophy that accompanies these, and are seeking to improve the environment for employee retention and growth, (Huete, 1992).

2.2 The global hospitality industry

As part of the service economy the global hospitality industry is one of the largest industrial sectors (EIU, 1991; Henley Centre, 1996). The industry employees 212 million people globally, or 10% of the global workforce, and from this activity generates $646 worldwide, (EIU, 1995). It is a highly diverse and fragmented industrial sector. The diversity of the sector results from the fact that any ongoing business producing accommodation, food, or a drink offering can be included under the umbrella of hospitality. As such, the hospitality industry includes many
organisations, from monolithic multinational corporations down to, and including, micro-enterprises such as a snack bar.

However, the majority of hospitality businesses globally are still small independent singular ventures. This picture is changing rapidly in the west, “less than 45% of the hotels operating in the US are ...independent...these properties represent less than one third of the 3.24 million bedrooms available”, (Coopers & Lybrand, 1996), pg.10. In 1997 of the 1,350 new hotels built 75% of these were branded operations, (Coopers & Lybrand, 1996). The hospitality industry in the US in 1988 offered 400,000 eating and drinking facilities and 50,000 accommodation units, (Olsen et al. 1992). Accommodation in the US in 1988 accounted for 1% of the GDP, employing 1.4 million people, and generating $50 billion in sales, (Dev and Brown, 1991).

The global public face of the industry is a composite of archetypal hospitality chained organisations, with domineering names such as; Marriott, Hilton, Hyatt, McDonalds, Burger King, and Pizza Express. McDonald’s sales in the 20 years from 1972-1992 went from $1bn US to $13bn, (Paul, 1994). The top 100 global hotel companies bed stock has grown three and a half times in 25 years, from 1 million to 3.5 million bedrooms worldwide. The market environment has been dominated by larger chains and is a highly competitive arena for acquisition of prime locations and growth in many lucrative market segments, (EIU, 1995; Paul, 1994; Shea and Roberts, 1995).

Hospitality chains and their production concepts are primarily branded offerings. The branding of concepts has provided a vehicle for hospitality chains to grow exponentially and dominate global market share, (Aaker, 1991; Paul, 1994; EIU,
The strategies of growth have been built upon cost reduction, standardisation, novel growth management structuring, i.e., franchising, sub-franchising, management contracts, and returns on huge brand name capital in the global branding of concepts, (Aaker, 1991; Teare and Olsen, 1992; Jones and Pizam, 1993). The growth has been so intense that the market for hotels and restaurants in some US cities has reached saturation, (Vlitos-Rowe, 1996).

The global hospitality industry has been affected by the ‘baby boom’ generation, now ageing and progressing through the demographic ranges with numbers accounting for 66% of the US population. The ‘baby boom’ population accounts for 60% of US food service spending, (Patil and Chung, 1998). Presently, this factor is a representative attribute across most of developed world; this is accentuated by declining birth rates in the west, (Vlitos-Rowe, 1996). The demographic bubble caused by the ‘baby-boom’ generation has caused asymmetry in hospitality provision and employment that will have far reaching effects for the industry. For example, the US restaurant industry employed 9.5 million workers in 1997, this figure is expected to rise to 11 million by 2005 combined with a 44% rise in the number of managers required, (Patil and Chung, 1998). This will be compounded by the fact that the number of people between 24-34 years of age dropped by 11.1% by 2000, (Patil and Chung, 1998).

The hospitality industry is seeing a rise in the levels of disposable incomes being spent on leisure activities, (BHA, 1999). The hospitality industry is also experiencing

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4 Franchising as a business format accounts for 40% of all US retail sales and $800bn in worldwide revenue, (Vlitos-Rowe, 1996). $5bn of this is US McDonald’s overseas sales revenue return.
5 For more information please see, (Roh and Andrew, 1997; Dev and Brown, 1991).
6 The management contract is said to be the ‘cornerstone’ of the hotel industries rapid development over the last 20 years, (Eyster, 1993).
mass globalisation of brands and concepts, (Klein, 2000). The explosion of global hospitality names is predicted to continue, being promoted by the high levels of corporate acquisitions and mergers, particularly moves that allow for distribution channel control or vertical integration, (Vlitos-Rowe, 1996; BHA, 1999). For example, airline alliances with hotels and car rental, brewing multiples in the licensed trade and hotels, and timeshare, leisure and hotel alliances.

2.2.1 The UK hospitality Industry

The UK hospitality industry shows a similar portrayal to that of the industry globally. In the UK it is one of the largest industrial sectors consisting a quarter of a million UK business units employing between 1.8 million people in 1988, (BHA, 1999; HCTC, 1994). The UK's hotel industry turned over £9.4 billion and increased its revenue with an average year-on-year growth, from 1992, of between 3-16%, (BHA, 1999). The Henley Report adds to the importance of this industry to our nation by emphasising the fact that the hospitality sector will create an additional 400,000 jobs within the next decade, (Henley Centre, 1996). This growth gives a multiplier effect of 1.3 additional jobs for every new hospitality job over this period. The industry is showing rapid growth in the UK, as it is globally, (Vlitos-Rowe, 1996; BHA, 1999; EIU, 1995). Despite these promising figures internal investment into the UK hospitality industry has traditionally been low, totalling at £1.4bn in 1990, (Vierich and Calver, 1991). This accurately reflects the industry's deeply unfashionable status within the investment community.
The UK hospitality industry is not as dominated by chains as in the US. In the UK of the 250,000 business units in the sector self-employed entrepreneurs operate approximately 60%, (BHA, 1999; HCTC, 1994). This is very different to the US where chains dominate the industry, (Vlitos-Rowe, 1996; EIU, 1995). However, chains are still a predominate force in hotel sector, of the 929,994 bed spaces registered with the Tourist Board in the UK the top ten hotel chains owned over 10% of them, (BHA, 1999). This chain dominance in market share is paralleled in the catering and restaurant market also (Vlitos-Rowe, 1996).

The majority of global chains have a strong presence in the UK. For example, British companies such as, Whitbread bought the regional franchising rights to a number of global brands, i.e., TGI Friday’s and Marriott Hotels. This is not an exception to the rule as the proliferation of global hospitality brands is taken on board by UK hospitality organisations that use multiple format methodologies for business growth and development around the world. The acceleration for growth has been due to the proliferation of business formats such as, franchising and management contracting.

The quasi-ownership that franchising offers franchiser and franchisee allows the franchising organisations’ rapid growth with a minimal level of capital investment. Management contracting also allows the organisation rapid growth without property and major investment. With non-traditional business formats it has been the attractiveness of less structural inhibitors, less capital investment, and higher than above average returns⁷. This, in particular, has allowed US chains rapid expansion and penetration in the UK and general European market. In the UK over the past five

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⁷ It has been suggested that NP (net profit) return from a management contract can be up to 25%, compared to that of approximately 17% within a traditional owned property business format, (Eyster, 1993).
years there has been rapid growth in branded concepts, themed public house, budget hotels, and contract food services, (Vlitos-Rowe, 1996; BHA, 1999; Key-Note, 1996). Chain growth has been helped by western leisure culture homogeneity, growth in disposable income levels, globalisation and technology proliferation, (Vlitos-Rowe, 1996; Teare and Olsen, 1992).

A few large hospitality corporations dominate the UK's sector. For example, the Granada group in 1998 had a turnover\(^8\) of £4.1bn and a profit of £650m, whilst Whitbread had a turnover of £3.2bn and a profit of £273m, (BHA, 1999). The growth in market share of these 'blue-chip' hospitality organisations has been attained through hard rationalisation of optimal formatting and standardisation and operational procedures. This has been helped by the relatively recent move into mass media advertising by many hospitality companies, for example Little Chef\(^9\) spent nearly a million on advertising in 1993. This is almost 1/27\(^{th}\) of McDonald's £27.2 advertising campaign in this country over that same year, (Vlitos-Rowe, 1996). According to Taylor "In effective use of marketing the hospitality industry is currently twenty years behind other industries, spending only 2% of its revenue on marketing compared to the retail industry's spending of 10-15%", (Taylor, 1995), pg.16. KMPG adds that 75% of all medium-to-large hospitality operations do not any formal marketing plan or budget, (KPMG, 1995).

Chain growth in the UK is occurring whilst the small independent hospitality providers suffer with diminishing returns and customer attrition. This situation has been worsened by the move of branded chains into main central and suburban

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\(^8\) This includes other non-hospitality activities as well.
\(^9\) Little Chef is part of the UK Whitbread Group.
location, whilst independents have been predominately left in secondary and rural locations. The independents' situation may not be helped by the findings of Edgar and Nisbet (1996), and their research, which showed that independent hoteliers, for example, as a sector were characterised by a lack of management, planning, and strategy formulation skills. The larger chains have a number of competitive advantages unavailable to independents these include aspects such as, economies of scale in; capital acquisition, distribution, supply, marketing and purchasing, (Olsen et al. 1992; Porter, 1985). The gap between large and small hospitality provider will continue to widen in this country as it is in the US as the hospitality consumer demands consistency, expediency, value for money, and a 24hr product offering, (Vlitos-Rowe, 1996). Some of these service aspects by their inherent requirements will be logistically difficult for the independent to provide.

2.2.2 UK hospitality industry reality

The hospitality industry in this country is characterised by the same problems that are seen as generic within the service sector, which includes; high labour turnover, narrow wages, and rudimentary training, (Huete, 1992; Riley, 1996; Heskett, 1986). This has been caused by the structural determinism of factors such as standardisation of concept and delivery, and centralisation of operative control, (Huete, 1992; Schmenner, 1986; Sill, 1994; Groves et al. 1995). A number of hospitality organisations can be seen as 'factory shops', which Schmenner (1986), characterises as offering the employee, low levels of service interaction, customisation, and low

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10 61% have no clear objectives.
labour intensity, as the majority of tasking is handled by technology, (Schmenner, 1986).

The problems of deskilling and narrow wages are not helped by the fact that a majority of the UK's hospitality industry is seasonal. These seem to follow the argument of Riley (1996), in the belief that as an industry the UK hospitality sector shows all the structural attributes of weak internal labour markets in its offering to employees. Weak internal labour markets do not offer stability for an employee because the standards for recruitment are generally unspecific in criteria, jobs are easily replaced, and the skills required to fill them are easily trained in a new recruit. There is often little loyalty given by employees to the organisation, as the jobs are often low paid, short-termed and seasonal.

These factors are antecedent to the existence of a further problematic issue; the high levels of unskilled occupations in the hospitality industry. The level of deskilled jobs contained within hospitality offers the employee greater opportunity for inter-organisational migration within the industry. The reason for a structure that encourages weak internal labour markets can be found in the understanding that a majority of the hospitality sector is seasonal and shows fluctuating consumer demands. Furthermore, this is combined with there being a surplus of unskilled workers available for recruitment, resulting in ever easier labour replacement, (Riley, 1996). Offering a tight coupling between the organisation and employee would make labour mobility and control more difficult in times of dynamic and fluctuating supply and demand, (Reekie and Crook, 1995). This situation can be seen as a double-edged sword for the industry as its wants quality but not permanency.
2.3 Multi-unit hospitality organisations

The chain is the predominant organisational form within the service economy, and more specifically the hospitality industry. All chains can be classified as multi-unit organisations, which is defined as “an organisation that competes in the industry with more than one unit of like concept or theme”, (Olsen et al. 1992). This definition should be expanded further to include organisations that operate with multiple brands within their portfolio, or with multiple brands within a specific business unit. The multi-unit organisation operates through a number of different localities with a system of business units operating under the control of a geographically removed corporate headquarters.

These organisations had to have progressed through the organisational life cycle to reach a point beyond that of single unit ownership. This life cycle, as hypothesised by Sasser, Olsen, and Wycoff (1978), showed the evolution\(^1\) of service organisations through a series of stages, from creation to entropy, (Sasser et al. 1978). These proposed stages where accompanied by specific structural aspects relating to levels of formalisation, centralisation and specialisation. Most of the UK hospitality organisations can be, hypothetically, said to be showing the signs of a mature industrial sector, with a majority of organisations in the mature stage of the organisational life cycle, (Becker and Olsen, 1995; Vlitos-Rowe, 1996; Chacko, 1998). This stage is characterised by well-developed systems and markets, high levels of formalisation, high rationalisation, and high levels of functional specialisation, (Sasser et al. 1978). One criticism levelled at viewing the entire organisation though

\(^1\) Shown in a similar theoretical light to the life cycle of a biological organism in an open system.
the ‘life cycle’ approach is that it does not give justice to organisations that have multiple brands, which may all be in different stages of development. This view also does not accommodate organisations that have engaged in activities such as mergers, acquisition, or downsizing, (Morrison, 1999).

Multi-unit businesses are essentially branded chains with this knowledge there are many related attributes that are applicable to these organisations. Multi-unit organisations’ rely on the standardisation of a themed concept or brand, (Kapferer, 1997). Branding offers these organisations’ a tangible placement in the consumer mind for service delivery. The brand aims to give a unified ‘branded’ vision in all aspects of the organisation’s service product. Branding is designed to combat the uncertainty in service purchase a customer may feel when buying from a provider by offering a standardised product and service, (Kapferer, 1997; Aaker, 1991). The key ingredients to this are brand name capital, the identity of the brand, delivery of the promise, consistency and control, (EIU, 1996). The down side to this ‘cloning’ of delivery and concept is that a consumer having an unpleasant experience in one business unit may logically equate a deleterious experience as being systemic to the chain in entirety. This attribute emphasises the importance of consistency and quality control throughout the organisation. Branding allows for greater control over uncertainty and complexity, which is an aspect inherent to the multi-unit organisation, and tied to the reality of being in multiple operating environments, (Aaker, 1991; Roberts, 1997; Woods, 1994; Bradach, 1997).

Chains also use low levels of product customisation in service delivery as a further method of countering the complexity of operation, (Olsen et al. 1992; Teare and
Olsen, 1992). A majority of these multi-unit organisations’ viewed under Schmenner’s (1986), theoretical model of the service matrix can be said to exist in the ‘factory shop’ quadrant of the service matrix, which consists of low levels of customisation and low levels of labour intensity, (Schmenner, 1986). The labour intensity of these organisations can be said to be low because of the high degree of production technology used in relation to the number of operatives required to use it. The only UK multi-unit hospitality organisations that may not sit in this quadrant are higher service hotels and restaurants, and some high-level contract food service businesses. These types of organisations’ would fall under the category of the ‘service shop’, which is characterised by a higher degree of customisation but still a lower level of labour intensity, (Schmenner, 1986).

It has been said that the service economy, particularly the hospitality industry, owes its current managerial philosophy from the importing of management theory from strategic manufacturing, (Heskett, 1986; Hum, 1997; Becker and Olsen, 1995). Using the theoretical framework taken from Porter (1985), and his work on generic competitive strategies for organisations it is valid to say that the majority of UK multi-unit hospitality firms fall under the category of ‘cost leadership’, (Porter, 1985; Vlitos-Rowe, 1996; BHA, 1999). This strategy focuses on cost minimisation through high volume production and standardisation in operations, job specialisation, and technological process automation. Miles and Snow (1978), also developed a set of generic strategies which UK hospitality organisations could be said to be adopting. The strategy from their taxonomy that best fits the majority of UK multi-unit organisations would that of displaying a ‘defender’ strategy. This strategy depicts the

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12 The other strategies are ‘Market Segmentation’ and ‘Product Differentiation’.
13 The other strategies are ‘Prospector’, ‘Analyser’, and ‘Reactor’.
organisation as being focused on cost efficiency in all areas, with a strong emphasis on rigid financial control.

The theory of organisational economics allows for the accurate modelling of the market situation presented to the consumer and the UK multi-unit organisation, (Williamson, 1991; Reekie and Crook, 1995). The majority of these organisations are in 'thick' markets, where the individual buyers and sellers bear no serious dependency relationship upon each other, (Williamson, 1991). In this market situation there is freedom of movement for the buyer in the choice of transaction as there is a high degree of alternative choice, (Reekie and Crook, 1995). The exchange of a transaction in this market is expedient and the relationship between buyer and seller is mostly\(^{14}\) characterised as 'weak-tie'. The market shows the attributes of a 'spot' market, (Williamson, 1991). This is highly applicable to the UK multi-unit hospitality sector. This market reality is further expanded by Becker and Olsen who state the following, (Becker and Olsen, 1995), pg.50:

"Although customers may exhibit recurrent usage patterns these are primarily based upon price and convenience (another cost factor). This is an impersonal exchange transaction since developing relational ties with sellers does not provide any advantage to the buyer who may desire greater customization or special services. Although a pure market exchange represents a case where organizations are not formed (the costs of organizing is counter to the goal of providing the lowest cost option to the buyer), many of the relationships ascribed to the pure market case also appear applicable to low wage jobs where employee turnover is high and employees chose to de-skill rather than invest in training or incur the expenses associated with a tenured work force".

\(^{14}\) Apart from the afore mentioned high-level service providers.
It is common practice for UK multi-unit organisations to operate with a number of different business formats. These as previously explained include, managerial contracting and franchising, (BHA, 1999).

A franchise agreement is one in which the franchisee buys the right to operate a branded unit from a ‘parent’ franchise organisation, i.e., McDonald’s or TGI Friday’s. Brown and Dev (1997), highlight the importance of this business format to modern hospitality chains in the following, “In recent years franchising has been an expansion strategy employed by...companies in all segments...making it unusual to find a chain that does not offer franchises”, pg.33. The agreement stipulates the standards of operation and the levels of return required by the franchise organisation. The control afforded to the franchisee is semi-autonomous in that the operator is ‘running the business for themselves, just not by themselves’, (Teare and Olsen, 1992), pg56. There are clearly defined requirements and service levels within contracts that are expected by the franchise organisation and the franchisee is penalised if these are not met, (EIU, 1996). It allows the franchisee, who ‘buys’ into the relationship, access to a successful, tried and tested operational system, one which will help to combat the precarious times of new business creation. In all cases the franchisee agreement legally weighs in favour of the franchise organisation. The major popularity of this business format is due to the fact that franchising has been shown through extensive research to be an effective business format in stable and volatile environments, (Brown and Dev, 1997).
The management contract is another contractual vehicle for rapid growth with branded chains. This business format consists of a hospitality organisation being awarded a contract for the operation of a pre-existing business, i.e., hotels and contract food services, (Sangree and Hathaway, 1996; Eyster, 1993). The contract operator of the property will supply the management of the property in return for a percentage of its revenue, (Sangree and Hathaway, 1996). The operator will provide technology, insurance, advertising, staff and managerial expertise, whilst the owner provides finance for maintenance of the property and other capital works. These different business formats have their particular strengths and weaknesses\(^{15}\) in terms of autonomy, growth, and control. Again, the main reason for their popularity is that it provides the organisation, with a branded, standardised concept a method for rapid development and growth, (Brown and Dev, 1997; Olsen et al., 1992). These formats ameliorate the chances of entry and growth into new and emerging markets. Primarily, this is because of the shared nature of operational responsibility with the organisation finding an external ‘local’ partner. This can be seen as a variation of the ‘joint venture’ new market entry mechanism that is popular with many multinational corporations, (Martinez and Jarillo, 1989; John et al., 1997).

2.3.1 The Multi-unit organisation and its structure

The multi-unit organisation is different to most singular organisations because upper management is not just semantically removed from the operating edge of the business but is also physically removed. The multi-unit organisation is dispersed and located across a wide geographic area consisting of multiple operating sites with the head

\(^{15}\) Please see, (ElUl, 1996; Brown and Dev, 1997; Rah and Andrew, 1997; Eyster, 1993; Sangree and Hathaway, 1996).
office often sitting not in close proximity to the operating units, (Olsen et al. 1992; Goss-Turner, 1997). The very aspects that make manufacturing and single-site business open to tangible techniques of control are not found in these organisations. The essence of these organisations is intriguing, as they exist in a situation where the functional core of the organisation is geographically and conceptually removed from the production components of the organisation.

Many of the focus organisations in research literature consist of multiple brands existing under one organisational umbrella. The different brands may have differing internal levels of complexity, i.e., a hotel has a diverse number of internal functional areas (food and beverage, accommodation, conference management, etc. etc.) compared to that of a restaurant (the provision of food). Tse and Olsen (1990), in their study of US restaurant chains concluded that over 50% of them where considered to have high degrees of complexity.

A number of these organisations also have different business formats operating under the same roof such as management contracts and franchising. This will cause problems areas in regard to the overall organisational structure, formulation of strategy, standardisation, and formalisation of policy and procedures, (Bradach, 1997). This is due to the attributing factors of each brand being different in terms of operational complexity and socio-technical structure. If the branded unit is a franchised unit there are also the added difficulties of the levels of organisational control and franchised unit autonomy, (Dev and Brown, 1991; Bradach, 1997). These factors have to be taken into account, whilst simultaneously the organisation tries to act as a functional and coherent whole. One major contemporary problem of UK
multi-unit hospitality organisations has been the choice between division of unit areas by either simple geography (i.e., South-East) or by brand (i.e., Browns), (Goss-Turner, 1997). Brand ‘stream lining’, as it has began to be known throughout the industry as, also has implications that directly effect operational complexity and time management\textsuperscript{16} for the multi-unit manager.

The past two decades has seen many management theories appear in regard to restructuring organisations. Although, structural experimentation has appeared in some hospitality corporations it rarely filters its way down to the unit level, (Chacko, 1998). For example, there has been a recent move within the industry toward viewing the organisation as the ‘upside down’ service pyramid with front lines staff placed at the top just below the ultimate superiors, the customers. This has turned out to be a guiding philosophy for some hospitality organisations as opposed to a structural reality, (Johnson and Scholes, 1997; Chacko, 1998). According to Olsen, Tse and West (1992), the attributes that make a multi-unit hospitality organisation unique, are as follows, pg156:

1. Dispersion of units across varying geographical boundaries
2. Labour intensity\textsuperscript{17} at all levels but especially at the point of customer contact
3. Replication of a product/service concept across multiple units
4. Competing in multiple geographic market areas simultaneously
5. Limited economies of scale with respect to product and labour utilisation
6. An extremely perishable finished product which diminishes most efforts at attempting to build inventory to offset fluctuations in demand across all units

\textsuperscript{16} In particular travel times, i.e., Scotland as a region compared to London.
\textsuperscript{17} As previously stated this situation does not apply to most highly standardised quick service food operations or lower tier and budget hotels.

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7. A considerable amount of interaction is required with local government and regulatory agencies, which have control over several aspects of business activity such as zoning, local licenses, taxes, etc.
8. A wide span of supervision required by one individual over several units and employees
9. Economies of scale with respect to purchasing raw materials, marketing and advertising
10. A bimodal technology requiring efficient production of quality physical goods and intangible services.
11. An organisational structure that makes use of traditional hierarchies of management and centralisation to oversee operations at the local, national and international levels.

The multi-unit organisations' defining structure appeared as organisations grew in size and the levels of operational complexity they faced forced the production of functional departments and job specialisation in the organisational division of labour. Multi-unit organisations then began to assimilate the structure of other multi-unit operators such as manufacturing and retail organisations, (Huete, 1992; Heskett, 1986; Goss-Turner, 1997). For the majority of multi-unit hospitality organisations', structure as a whole, has been shown to be ‘classical’ and display many of the features of an archetypal ‘mechanistic’ hierarchical bureaucracy, (Olsen et al. 1992; Teare and Olsen, 1992). The coordination of organisations that show the structural attributes of an ‘archetypal’ bureaucracy is carried out through the use of rules and policies and high levels of formalisation. Burns and Stalker’s (1961), ‘mechanistic’ organisation defines many of the hospitality organisations emphasised in multi-unit research. These organisations show a pyramid shape and have top-down structural control mechanisms. In the resulting mechanistic ‘functional pyramid’ the locus for operative control resides towards the top of the pyramid.
The standard of service within multi-unit organisations in the eye of the consumer is gauged by the ‘quality’ of the service product, which is an issue of consistency and control, (Heskett, 1986). This reality requires the multi-unit organisation to attain high levels of operation control, which is needed for the standardisation of the concept, and to allow it to work successfully in multiple operating environments. In most cases, the structure of the multi-unit organisation (figure 2.1) shows a direct line of reporting through three levels of hierarchy from the Unit Manager to Multi-unit manager and then to the Operations Director, as shown below, (Goss-Turner, 1997; Olsen et al. 1992). The reporting that flows downwards is of coordination and strategy dissemination, whilst the reporting upwards usually consists of financial data, (Olsen et al. 1992; Muller and Campbell, 1995; Umbreit, 1989; Lefèver, 1989). See below:

Figure 2.1: The multi-unit organisation’s structure
Chapter Two

The management structure of a similar company in the middle of the 1980's would have probably shown an extra two managerial layers, (Goss-Turner, 1997). This type of structure was retarded with the recession and the post-boom hangover of the 1990's. The cost cutting and lean financial management that occurred with organisational 'downsizing' in the 1990's has generally provided a more streamline flatter model for the hospitality multi-unit organisation. However, the new or old multi-unit organisational structure still relies on one crucial incumbent role to manage and control the widely dispersed operation units. The position of multi-unit manager sits structurally between head office, which is located in one location and the operating units, which are situated across multiple locations.

The structure of the multi-unit organisation is interesting in its inherent design and key structural attributes. As discussed, the multi-unit organisation's corporate headquarters is situated in a location removed from that of the operating units. Formal policy and corporate strategy is formulated at the headquarter location and disseminated downward throughout the organisation in accordance to the executive management. However, simultaneously the operating units are exposed to the environment in their individual locations and report operating and financial information upwards towards the apex of the organisation. Operational efficiency is realised upon the effective coordination and control of the operating units in the delivery of the standardised concept. The physical and conceptual distance of the organisation's strategic formulators from its strategic implementers, operatives and customers within the organisation creates a possible interface for high degrees of operational complexity.
2.3.2 The multi-unit manager

The literature available about the multi-unit manager shows severe paucity and is ambiguous about the nature of the role and the requisites specific to it. This is shown by Muller and Campbell (1995), who address this fact, “little has been written about the topic. What little has appeared in the literature suggests substantial ambiguity as to what the position of multi-unit manager entails and what skills are required”, pg4. The main focus of the work to date has been, almost completely, based in America and in the field of multi-unit quick service restaurant management.

The studies that have been done to date have been theoretically limited by the fact that they have been carried out in the same organisation, or from a small number of organisations in one market sector within the hospitality industry, i.e., the US quick service restaurant sector. The only study to date that has focused on a cross section of the industry and in an in-depth manner has been the study by Goss-Turner (1997). Goss-Turner (1997) in his study used an in-depth qualitative interviewing methodology with a small number of respondents in cross section of UK multi-unit hospitality organisations. At this stage it is pertinent to delineate the general findings of the small collection of work that has been done in this subject area.

The multi-unit manager or area manager falls into the organisation’s structure above the unit manager, who heads the business unit, and below the operations director or regional vice president, who sits on the organisation’s board. This can be viewed as a complex position for the incumbent in these organisations for a number of reasons. The multi-unit manager sits in a position, which is physically and semantically
removed from senior and subordinated managers. The multi-unit manager may have a span of control of between 2 and 15 units, with the average number of units under their control being 7, (Umbreit, 1989; Muller and Campbell, 1995; Lefever, 1989; Patil and Chung, 1998; Goss-Turner, 1997; Olsen et al. 1992). The span of control of the multi-unit manager can be viewed as quite wide and includes multiple subordinates residing in different locations, each location having its own related micro labour market. The number of units under the multi-unit manager’s control are variable and, primarily, depend upon the operational type, (i.e., restaurant, hotel, themed public house), the operational size of the units, and the environment they are contained in. Other dependent factors that impinge on the division of units over an area are the units overall performance, distance between units, and the level of standardisation the organisations has set for a particular brand, (Goss-Turner, 1997).

In 1989 there were approximately 15,000 multi-unit managers in America, (Umbreit, 1989). This figure probably has increased over the last decade if general industry demographics are factored into it. Over 80% of all multi-unit managers’ have climbed the corporate ladder from being unit managers, (Muller and Campbell, 1995; Umbreit, 1989). The managers are working typically more than 50 hours a week with 25% doing over 60 hours a week, (Umbreit, 1989). The length of time spent in a unit on a multi-unit manager visit was on average 7-8 hours, (Umbreit, 1989). Lefever (1989), adds that, “jumping around unit to unit in a day doesn’t give you time to break through the façade”, pg62. 90% of surveyed multi-unit managers were male, (Muller and Campbell, 1995). The turnover rate of multi-unit managers’ is 10-15% per year, a quarter blame their departure on stress, (Umbreit, 1989). This is high turnover rate is mirrored by the unit manager in the findings of Patil and Chung (1998), a decade
later, placing the unit manager turnover figure at 40% for quick service restaurants, and at a cost of $27,000 per manager. There is no current information for the turnover of multi-unit manager but it would be logical to suggest that it will be more costly in terms of financial and logistical expense.

The multi-unit manager can be logically seen in a ‘gateway’ or ‘liaison’ role, sitting as an information conduit between senior and subordinate management. Using Mintzberg’s (1975) manager typologies the literature suggests the multi-unit manager could be seen as the organisation’s ‘spokesperson’ and information ‘disseminator’, (Mintzberg, 1975). The multi-unit manager disseminates strategic information downward and filters operational and financial information upward, (Lefever, 1989; Muller and Campbell, 1995; Olsen et al. 1992). The five key competencies for a multi-unit manager as highlighted by Umbreit (1989), and others are; (Umbreit, 1989; Muller and Campbell, 1995; Olsen et al. 1992). The ‘Five Critical Competencies’ for the multi-unit manager to master are as follows;

1. Restaurant Operations
2. Human Resource Management
3. Financial Management
4. Marketing and Promotions
5. Facilities and Safety Management

The main and immediate concern for a multi-unit manager emphasised in the literature is based around the control of costs and the ‘bottom line’, this factor is highlighted by a number of authors, (Lefever, 1989; Muller and Campbell, 1995;
Umbreit, 1989). This includes control of operational costs, profit margins, recruitment costs, waste, the sales budget, and promotional expenses. Controlling costs and the profit margin can be seen as the success measure for a manager. This is the factor that has most effect on the compensation attained, through bonus payments, by the multi-unit manager.

There seems to be some ambiguity in the studies conducted in relation to the importance of certain aspect of the multi-unit manager’s position. In the research carried out by Muller and Campbell (1995), the organisation’s executives along with multi-unit managers seem to rank human resource management as most important dimension of the role. In relation to other domains, multi-unit managers highlighted marketing before facilities management, compared to the other way around for the respondent executives. Differences were also found in perceived manager training needs, in the Umbreit (1989), study multi-unit managers were shown to desire human resource management training, this factor did not come through on the later Muller and Campbell (1995), study where marketing was highlighted as a training need.

The research combined shows that at three levels of management, in the focal organisations, the perception of the role of the multi-unit managers is far from universal, (Muller and Campbell, 1995). As Muller and Campbell (1995), state, “that nearly one third of the skill/tasks were ranked significantly different by store managers and area supervisors indicates profound disagreement about the role of the area supervisor”, (Muller and Campbell, 1995), pg.16. This has implications for the development of training packages at the different managerial levels. Finance was shown to be ranked third in importance by multi-unit executives in relation to a multi-
unit manager’s job aspects, but the managers themselves do not echo this, (Umbreit, 1989; Muller and Campbell, 1995).

Umbreit (1989) emphasises the financial ‘inspecting’ and ‘controlling’ nature of the position, and states, “The responses suggest that the focus of multi-unit management is short term and individuals on that management level can exercise substantial control over most of the important outcome measures related to their job performance”, pg57. The emphasis on financial data and the heavy use of targets and quotas as performance measures emphasised in the literature is probably due to the complexity of control and the high levels of uncertainty that occurs in the multiple operating environments multi-unit organisations’ find themselves in.

Human resource management, as the most important aspect of the multi-unit manager position, has been echoed by all the authors and this seems to add weight to the perception of the incumbent in the position of multi-unit manager as being a ‘coach’ and a ‘mentor’, or as Muller and Campbell (1995), write, “a manager of managers”, (Muller and Campbell, 1995; Umbreit, 1989; Olsen et al. 1992; Goss-Turner, 1997). Lefever (1989), is the only author who disagrees and points to the overall importance of the goal of profit and the ‘bottom line’ to these organisations, with ‘close vested’ supervision not delegation being the critical key to success for the multi-unit manager, (Lefever, 1989). Umbreit (1989) sees this as a problem in multi-unit organisations, “...common problem among new multi-unit managers was the tendency to over-control and not permit managers to make their own decisions”, and “the key to for the new multi-unit manager is to learn to delegate responsibility as quickly as possible”, pg57.
Furthermore, Lefever (1989) warns of the problems of 'empire building' and having your unit managers working for you as opposed to the company, which places the multi-unit manager in a tenuous position. The levels of delegation of decision-making these unit managers are allocated in chain organisations can be seen as questionable. Lefever (1989) adds that the multi-unit manager although, closely supervising the units within their span of control, should ideally help the unit managers attain their goals, as opposed to chasing them towards their targets. This supports the view of the multi-unit manager in a coaching and motivating role in pursuit of the organisation’s objectives.

Goss-Turner (1997) in his findings on the role of the multi-unit manager emphasises the importance of the maintenance of brand identity and customer service standards in all the units. Goss-Turner (1997), also found that multi-unit managers saw delegation as an area in which they needed development. The multi-unit manager in the 'maintaining' role can be seen as a form of company 'inspector'. This role can be seen in organisations such as Pizza Hut with their 'Red Roof' inspection and analysis, and Marriott Hotels location inspections, where the inspection items lists for multi-unit managers are extremely lengthy and detailed, (Goss-Turner, 1997; Marriott, 1999).

All the authors also agree on the transition of skills required on the move from unit management up to multi-unit management. The skills that are necessary at the unit level can be classified as 'technical', this is different to those deemed necessary at the multi-unit level, which can be called 'conceptual' in nature, (Olsen et al. 1992; Goss-Turner, 1997; Muller and Campbell, 1995; Umbreit, 1989). The conceptual skills
required at the multi-unit management level include environmental awareness of the macro environment, relating to the organisation, and awareness of the specific micro environment, relating to each individual unit under the manager's span of control. The multi-unit manager also has to be conceptually aware of operational issues and their employees needs, (Muller and Campbell, 1995; Umbreit, 1989).

Complexity appears to be an integral part of the multi-unit manager's position, whilst being contained in multiple environments each with different immediate issues pertaining to them, the manager has to rationalise operations and make sense of the information that is being passed to them. Umbreit (1989), adds, “each new multi-unit manager must learn the secret of managing remotely, which involves learning how to deal with unstructured time, establishing priorities, and making each visit to individual units a high-quality, productive visit”, pg.57. The operational information has to be processed, filtered and relevant financial information moved upwards to higher management. Goss-Turner (1997), summarised the main factors affected the multi-unit managers job complexity. These were, (Goss-Turner, 1997):

- The size of operation (e.g. public house or hotel).
- The complexity of operation (e.g. a hotel operation being more complex than a single-site restaurant).
- The strategic decision on how to regionalise the operation (e.g. whether to divide by brand or geography).
- The sophistication of the technical systems.
- The level of functional support (e.g. a central training system or the devolution of training to be a line management function).
• The stage of the life cycle the organisation is presently at.

In terms of the career aspirations of the majority of multi-unit managers, Lefever (1989), Umbreit (1989), and Goss-Turner (1997), promote the idea that the managers are on their way up the corporate ladder aspiring to be advanced. This may be an improbable goal, as the majority of organisations in the industry seem to have reduced the levels of management dramatically. In the majority of UK multi-unit organisations the next position after multi-unit manager is Operations Director\(^\text{18}\) followed by the position of Managing Director. This highlights the probability of direct advancement inside these organisations as being increasingly small.

Furthermore, the multi-unit manager, as a key strategic role within the multi-unit organisation, sits in the tenuous position of being the tangible and ‘highly visual’ component of the organisation, in the mind of subordinates, whilst simultaneously being seen as the observational and operational component by senior management. These inherent attributes of the role make it one open to complexity due to it being both a structural and conceptual position. Multi-unit manager being in the tenuous position of being an information conduit and interface between two levels of the organisation may find the following problem, ‘middle managers, who suffer from filtering two directions, feel uniformed more often, probably because they have greater communication needs’, (Conrad, 1990), pg.127. This operational complexity in the multi-unit manager position is due to communication equivocality, overload, and structural dynamics within the organisation, and political necessity.

\(^{18}\) In some organisations there are more than one Operations or Regional Directors (n=1-3).
2.3.3 The multi-unit manager role

Role theory can be used to predict the possible areas of conflict the multi-unit manager faces in a multi-unit organisation. The position of AM, because of the multiplicity of operations, policies, and goals under their jurisdiction, can be seen to harbour ambiguity. This reality will probably create a residual level of inherent conflict between the individual and the role. The multi-unit manager has the responsibility for many operational variables within the organisation in a number of different locations. The multi-unit manager also sits in between senior and subordinate manager and as previously mentioned is placed in a position that could be seen by the observer as being prone to role overload.

The expectations of both levels of management are fundamentally different with senior management looking for fiscal control and operative excellence, whilst subordinate management wants greater coaching support, autonomy, and less rational control based purely on financial indicators, (Umbreit, 1989; Goss-Turner, 1997). These two levels, as previous research suggests, are not only semantically removed but culturally and behaviourally removed, (Sackmann, 1992). These factors mean that the incumbent in the position of multi-unit manager has to find a management style that will fit the given role and be effective across all organisational levels and the entire organisation. This factor is concentrated further by the multi-unit manager being in multiple operating environments and dealing with each unit’s respective subordinate manager. Each different environment will contain micro-differences across multiple operative dimensions.
The multi-unit manager has to place themselves in between these two different organisational subgroups and be seen to align with each of them because alignment to only one group can only occur at the expense of the other. This factor is combined with the problem that each group’s expectations upon their relationship with the multi-unit manager and the desired outcomes of the relationship will be very different.

The nature of the role and function of the multi-unit manager results in a high probability that the incumbent in this position will experience role overload. This may become more acute by factors such as the number of hours the average multi-unit manager has to work in a week, the high levels of paper work and the amount of travel required in many territories, (Goss-Turner, 1997; Lefever, 1989). The conflict in the role of a multi-unit manager can also be compounded by the ambiguity and vague terminology that is evident in many job description in the industry, (Goss-Turner, 1997; Lefever, 1989). This ambiguity contained in the role prescription of the multi-unit manager and the general lack of information available about what is exactly expected from the incumbent occupying this multi-unit management position is a major cause of transitional employment problems, (Goss-Turner, 1997; Olsen et al. 1992). Many of these issues will be dependent upon how ‘tight’ the degree of formalisation is inside the organisation and its overall operative strategy and structure.

2.3.4 Multi-unit manager skill requirements

The manager inside the organisations requires a variety of skills and competencies in order to complete the tasks that are assigned to the position. The area of concern for the manager is the control of the processes outlined in the structure of the managers
job description. Control inevitably involves the interaction and management of human resources. The human element causes a great deal of complexity and uncertainty in the formulation and implementation of systems of control. The dissonance and inequilibrium that is caused by human interaction in any organisational system has to be countered and stabilised by competent and effective management.

Beyond the structure of the organisation’s system and its inherent design, which will either inhibit or promote organisational effectiveness, is the existence of the intrinsic qualities and attributes of the manager. The organisation’s system will either support the manager’s attributes or both stifle and block. The match of the manager to the organisational system is an important factor for the organisation and is conducted during recruitment selection on entrance into the organisation.

The skills that the manager brings on entrance to the organisation can be summarised under the heading of ‘human capital’. These include educational background, job tenure, specialist training, and interpersonal skills. The incumbent carries this collection of skills and attributes into the organisation upon arrival. These constructive elements must be combined with the incumbent’s psychology and their ‘world-view’, which makes the individual whole out of a composite of deep psycho-structural and sociological components.

The precondition of the individual on arrival can be seen as the canvas on which to paint the required skills through acculturation and training. The level of inherent skills and attributes is the more important component for the analysis of the suitability of a
candidate in a specific role as the training can be tailored on to the incumbent at a later stage.

The skills required by the manager will not only be dependent upon the specific the system but will also be related to the designated managerial role and the industrial sector in which the organisation is resident. This factor highlights the existence of professions and, within these, niche competencies. For example, the skills required by the manager at a medical research institution will be fundamentally different to that of the skills required by a manager at a nightclub.

The level of management the incumbent finds them self in also has a direct impact of the types of skills required. The higher up the manager ladder one climbs the more generalist the incumbent has to be as the environmental information is more general and ambiguous, (Kettley and Strebler, 1997). At lower managerial levels within the organisation there is a need for more specific and practical skill requirements, (Newcomb, 1965). This suggests a relative move from the practical skills required at the lower end of the organisation to the conceptual skills needed as the incumbent ascends the levels of the given organisation.

In the area of the study of interest in the previous reality holds true for the multi-unit manager. In the multi-unit hospitality organisation the three levels of management being operational, middle and senior display the phenomenon of a basic skills differential. As the incumbent moves up through the organisation the skills he or she require change with each level.
However, one factor that has been omitted is that of human capital. As an inherent property of the manager, human capital is a factor that has to be considered in the analysis of the focal managers’ and their ‘world-views’. If this factor could be discounted it would be quite possible to suggest that in a situation where there is maximum clarity of communication in strategy, the focal organisation’s managerial behaviour would be perfectly consistent and aligned with its strategic objectives.

Any given position in society requires a requisite set of skills that the individual must possess to be considered successful in that position. These skills are of fundamental importance in the suitability of a candidate in a given position and can be seen as inherent and intrinsic to the individual. These skills are intangible and can be seen as social and personal skills i.e. humour, intelligence, empathy, wisdom, wit, and spatial and political awareness. In every organisation the skill sets that are required will be slightly different, as will those internally on a job-to-job comparison. The ability for a candidate to match the necessary level and types of skills will dictate their overall future within the host organisation.

The multi-unit manager in multi-unit organisation will require a diverse and variable skills set as they are expected to be able to deal with senior and subordinate colleges as well as external agents. The fact that the AM has to collect information from the units and report upwards as well as disseminate strategic information downwards necessitates a holistic set of social skills. In being seen as a ‘coach’ and ‘team leader’ by the AM’s subordinates and as ‘company man’ by superiors requires a certain dichotomy in behaviour and social skills to be successful in the role of multi-unit manager.
In this chapter the role of the UK hospitality industry and within the wider service economy has been discussed. Furthermore, the multi-unit organisation as the predominant service organisational type has been analysed with specific regard to the key role of the multi-unit manager. In the next chapter the role of organisational structure and strategy will be analysed and discussed.
2.4 Reference list


Chapter Three

Strategy and Structure
3.0 Chapter Three – Strategy and structure

The objective of this chapter is to outline and explore the fundamental processes of the organisation, through the analysis of the strategic and structural nature of organisational processes. To accomplish this objective a review of relevant organisational discourse has been undertaken to delineate the key theoretical arguments pertaining to the strategy-structure relationship and subsequent understanding. The chapter then continues to fashion this theoretical development by the identification and analysis of organisational formalisation, which is utilised as the key structural variable in the analysis of strategic process. Furthermore, formality becomes intrinsic to the continued objectification of the strategy-structure relationship, as observed through the process of organisational communication.

3.1 Strategy

Perception is strong and sight weak. In strategy it is important to see distant things as if they were close and to take a distanced view of close things.
Miyamoto Musashi (1584 - 1645)

Strategy is the determination of the basic, long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for those goals.
Alfred DuPont Chandler (1962)

Fundamental to the success of a rational business organisation in an open competitive market is the concept strategic planning. Organisational strategy can be seen as a route map with which the organisation uses to guide itself in pursuit of its goal. Strategy has been said to be ‘a pattern in a stream of decisions’, (Mintzberg et al. 1976). This definition only partially begins to explain the concept and comes nowhere near to completing the explanation. However, it is true to say that in retrospect the
collection of decisions grouped together into categorical clusters would demonstrate the existence of a theme in the decision making process of the organisation. Although, this would not explain the origin of the causal factors that brought this specific strategy into existence. To understand the nature of strategy inside the organisation one has to view its origin, formulation, development and deployment.

Strategy as a concept has existed since the beginning of society, even in 421B.C. Socrates referred to strategy in conversation about Athens leaders to Nichomachides. Throughout history strategy as a concept was utilised extensively in military literature as the founding pillar of tactical warfare (i.e., Sun Zhu, Machiavelli). Organisational strategy shares its more recent history within the American manufacturing corporate community post WWII. A number of fundamental factors in the U.S.A were occurring at this time. America was rationalising corporate agency and the separation of ownership and management.

Moreover, many American corporations were at, or beyond, the size where simple organisational hierarchies and structures were functional. This occurred at the same time the international economy positioned the American corporations in a role of global stewardship through their lead in helping to rebuild post war Europe and Japan, (Knights and Morgan, 1991). These factors produced a composite environment in which the average corporation faced a complex and demanding environment, rapid changes in corporate structuring, including the first forms of the modern MNC, and a need to address the problems of agency and corporate governance. At this point there was a fundamental requirement for the advanced discussion and explanation of
corporate goals and objectives, this space was duly occupied by organisational strategy.

Strategy’s modern manifestation, exposure and dissemination owes much to Alfred Sloan’s time at General Motors and his ‘policy concept’, (Sloan, 1963). Then later by the academics who used Sloan and General Motors as a palette to develop and extrapolate their strategy theories upon, (Chandler, 1962; Ansoff, 1965). Classical theories considered strategy to be a perfectly rational conscious process in which the formulator displayed the traits of ‘Homo Economicus’ in strategic formulation and execution, (Darrendorf, 1978).

3.1.1 The nature of strategy

The origin of strategic formulation inside the organisation can be deliberate in nature, and planned by the analysis of the businesses’ environment by its decision makers, or strategy can be realised and emergent in a serendipitous situation, figure 3.1, (Mintzberg et al. 1978; (Miles and Snow, 1978; Mintzberg and Waters, 1998)

Figure 3.1: Types of Strategy, (Mintzberg and Waters, 1998), pp21.
For strategy to be perfectly deliberate the strategic formulator inside the organisation must have realised its strategy exactly as it intended. For strategy to be emergent there must be order in the organisations' actions over time but with a lack of intention or as Mintzberg (1985) argues that emergent strategies are 'patterns or consistencies realized despite, or in the absence of, intentions', (Mintzberg, 1985). A lack of consistency in strategy pertains to no strategy at all, (Mintzberg and Waters, 1998). In reality, an organisation's strategic tendencies would be expected to fall in a Cartesian manner somewhere in between these two extreme poles of deliberate and emergent strategy. The main conceptual variables attached to strategic thought and decision making have been shown repeatedly to include the following, (Miller, 1998):

- **Differentiation** – e.g. innovation, advertising, product quality
- **Cost leadership** – e.g. capacity utilisation, relative direct costs
- **Focus** – e.g. breadth of product/service lines, homogeneity of clientele
- **Asset Parsimony** – e.g. fixed assets to revenue

The formulation of strategy requires, in most cases, a planning component combined with analysis of the operating environment within which the organisation finds itself. The necessity of strategic planning exists so that the formulation, articulation and implementation of any strategies within the organisation are synchronised in protecting the organisation's core components from possible emergent contingencies that could have a deleterious effect on the organisation and its future.

Strategic needs causes organisations to often make irreversible commitments in the face of uncertainty, (Ghemawat, 1991). These resource commitments are often
unbalanced in relation to other decisions that are processed within the organisations, 'the notion here is that manifested in a relatively few investment decisions that are hard to reverse, and which tend to define choices in other areas of the firm', (Porter, 1998), pg95. A specific period of uncertainty taken here is, by the gravity and the extent of the strategic decision made by the organisation, due to the time scale and resources required to implement it, deemed to have greater longevity in its causal effects on the organisation than in reality it actually has. Blau (1970) and Hannan and Freeman (1984) thought that the size of the organisation could limit its ability to attain a shift in strategic orientation in a crisis. This is due to the structural nature of large organisations that are liable to have complex internal structures, ingrained power and authority relationships and constraining levels of formalisation.

The process of incorporating a new strategy into an organisation often represents a major effort for the organisation. This effort is often a multiphased process in which, movement towards a strategic goal is incremental and not represented by a single organisational shift at a given time, (Pierce and Delbecq, 1977). Porter (1998) emphasises this in the following, 'most successful organisations improve but do not change strategy very often', pg90. A stable strategy is implemented within which its specific details and processes are continually redefined and developed in relation to environmental conditions. The movement of resources for the large organisation as dictated by strategy has many serious implications and associated costs.

3.1.2 The external environment

The external environment will present the organisation with a majority of its stimuli and conditional inputs, which then have to be processed within the organisation.
Strategic planning relies on the elimination of as much environmental and organisational uncertainty as possible. However, the very nature of strategy as a solution to problems that, in many cases, have not become fully identified and divulged at the period of formulation creates something of a paradox for the formulator. Furthermore, this situation is intensified by the necessity to take into account the organisation's resources, goals and the overall corporate feasibility of any given solution. The model below (figure 3.2) shows the dynamics of strategic decision-making:

*Figure 3.2. Model of the Strategic Decision Making Process, adapted from (Dyson and O'Brien, 1998):*

The organisation interfaces with the environment continually creating a frontier of uncertainty at its boundaries. This uncertainty is inherent due to the nature of the organisation as a system open to intervention and influence across its boundaries from the general environment, (Kast and Rosenzweig, 1985; Morel and Ramanujam, 1999). The complex character of the environment as a system to be analysed, in terms of
benefits and threats, by the organisation is a demanding aspect of organisational existence. This is combined with the wider economy, the overall growth rate of the domicile industry and the number of new competitive entrants. The consequence of this uncertainty in the nature of the demands of the environment is the potential of organisational ‘drift’ between the founder/management of the organisation, their original ideas and the actual ‘enacted organisation’, (Katz and Kahn, 1966).

The dynamic ‘cause and effect’ nature of the environment presents the organisations with the task of trying to find stability and success in the environment through the definition of specific strategy and structure. The degree to which these components and related resources can be managed and manipulated to form an effective composite is regarded as the principle of strategic ‘co-alignment’, (Olsen et al. 1992; Johnson and Scholes, 1997). The greater the alignment of the organisation has with its environment the greater the chance of improved or enhanced performance. The co-alignment of the organisation can be sub-optimal, according to Mintzberg (1987), as the market selection processes that influence companies are not perfectly efficient and competitors are unlikely to know what the optimal strategy is.

Sub-optimisation is considered normal within competitive environments as organisations battle to gain the lead in their respective fields through competitive advantage. Full or partial fit has to be found for success, or organisations, without the buffer of wealth accumulation, will eventually fail as competitors erode market share. The match of the company’s core competencies, resources and skills with that of the opportunities available within the external environment is the essence of alignment. Strategy often fails around this basic premise as misalignment often means the over
extension of a firm's resources beyond the sum of its capabilities or conversely resource under utilisation.

### 3.1.3 Organisational size and strategy

Organisational size as a variable has been shown to have an effect on the depth and detail of environmental analysis undertaken by a given organisation. This is supported by Jain (1984) who states 'as companies grow in size and complexity their need for formal strategic planning increases accordingly and with it, the need for systematic approach to environmental scanning'. This is resultant upon the resource availability and economies open to larger organisations for environmental scanning and sense-making i.e., the existence of a number of strategic planning roles and a formulated budget for strategy. Size may not always be an advantage to the organisation as it also creates structural problems, such as resource and planning inertia, which can inhibit the effectiveness and focus of strategic planning, (Hannan and Freeman, 1984).

#### 3.1.3.1 Resolution levels

The occurrence of strategy within most large organisations can be classified as originating on one of three hierarchical resolution levels. At the highest level is corporate strategy which asks the question “What are we?” at the next level is business strategy which asks “what business should we be in?” and finally at a functional level it is concerned with deployment of resources, (Porter, 1998; Tse and Olsen, 1990). Teare et al (1998) state that the main tasks of strategic management are as follows:
1. To understand the strategic position of the organisation (strategic analysis);
2. To formulate possible courses of action, evaluate them and select the most appropriate one (strategic choice);
3. To plan how the chosen strategy should be put into effect and manage the changes required (strategic implementation).

A change in business-level strategy can be operationalised as one that causes either a change in the organisations’ portfolio of businesses or changes in the competitive decisions made by the organisation at the product/market level, (Barker and Mone, 1998; Hambrick, 1980). The size and scope of strategy is fundamental to most organisations and presents many difficult choices for a firm’s managers. Broad scope strategic decisions involve large resource outlays, variable time scales and often force departures from the status quo, which are difficult to restore if required, (Hambrick et al. 1996; Ghemawat, 1991).

The time scale for strategic decision-making is highly variable across different organisations and is correlated to the type of strategic decision and the level within the organisation at which the strategic decision occurred. For example, the fundamental question, ‘what business are we in?’ and the corporate strategic decisions based around this will have a longer specific time frame than a strategic decision based on a modification of a service or product line. The sum of strategic decision-making within the organisation can be based somewhere upon a continuum from opportunity at one pole to crisis at the other with problem decisions occurring in between the two, (Mintzberg et al. 1976).
3.1.4 Strategy as competitive advantage

In most cases strategy is specifically utilised to afford the host organisation some form of competitive advantage within their market sector. Competitive advantage can be divided into two basic types, production at ‘lower cost than rivals and, or the ability to differentiate and command a premium price that exceeds the extra cost of doing so’, (Porter, 1998), pg 83. Strategy is rooted in competitive advantage and is a difficult necessity that organisations that wish to succeed have to conduct. Moreover, ‘if existing organizations cannot change their strategies and structures more quickly than entrepreneurs can begin new organizations, new competitors will have a chance to establish footholds’, (Hannan and Freeman, 1984), pg 159.

Strategy is about competitive advantage but not along the line of a single activity, it is about whole systems of activities, (Porter, 1998). Strategy built upon the foundation of a system of activities is inherently more sustainable than that built upon a one-dimensional strategic activity. The synergy created by a well designed system of strategic activities that fit and support one another create a far more complex position for a competitor to obtain than the competitive advantage gained from a single strategic activity.

However, competitive situations harbour the dynamics for strategic blur, as it is tempting for managers within a competitive organisation to try to extend and broker the limits of their competitive advantage by broadening their position, (Porter, 1998). This may be achieved through the addition of extended service lines, adding new features, imitation and acquisition. Unfortunately, in many cases these types of action
have resulted in loss of strategic focus and relative failure (i.e., Chrysler Daimler Benz).

### 3.1.5 Strategic resources

The core components of the organisation are built up by performing routines and specific activities over long periods of time allow the organisation to build up competency in their operating environment and are a valuable source of competitive advantage. These competencies also form elements of the organisation's value chain that can be enhanced by integration through value and activity linkages with other value chains, i.e., suppliers and customers, (Dev and Brown, 1991). The resources that are the foundation of competitive advantage usually consist of intangible elements and assets within the organisation, such as, service, skills and professionalism, and are by their nature are highly immobile. Moreover, for the organisation with clear competitive advantage imitation of the resources that make it unique will present an entrant with the initial problem of substitution, which will be difficult to overcome especially as the specific resources required for competitive advantage are more valuable within the originating company than externally.

Strategy also shares its heritage with control and coordination theories within the organisation as it can be seen as a 'solution to the agency problem that arises because senior management cannot participate in or monitor all decision and directly ensure the consistency of the myriad of individual actions and choices that make up a firm's ongoing activities', (Porter, 1998). The use of strategy by management affords the organisation's owners some form of control in the interpretation and consensus of
management's strategic goals and activities. Strategy also allows management a legitimate communication channel for statements of intent, analysis and action.

### 3.1.5.1 Strategic information

Environmental information is vital for accurate strategic analysis and formulation. The role of imperfect information in the environment and its existence in strategic decision-making helps the organisation, which differentiates itself from its competitors, as the gap between what is known and unknown grows. Information also plays an important role in the behaviour of competitors. Strategy may be a necessary distraction for organisations who wish to compete in a market environment until superior information is obtained and with it the provision of an advantage.

This is supported by game theory, which looks analogically at strategy as competitive interaction where an organisation plays independently within a games arena through competitive move, bluff and counter bluff where timing plays a central role in determining outcomes, (von Neumann and Morgenstern, 1944; Shapiro, 1989). Timing for the organisation is a key factor in strategy as supported with by the knowledge that there are significant advantages in being the first entrant into a specific market in building supply chain economies, customer bases and brand name capital. This form of location specificity in a market lends the organisation advantage in terms of building a critical mass of core competencies and skill in a niche market whilst denying new entrants similar advantages. The obverse of this situation is that for the new entrant that is not bounded by competitive information asymmetries there is a serious potential for 'free-riding' behaviour.
The new market entrant has to overcome the problems of transparency in a new competitive situation. A major part of the transparency problem is the asymmetry of information between themselves and the organisation they wish to mimic. This asymmetry of information also can be summarised as 'uncertain imitability' which pertains to the fact that the less certain a company is about the way another competitors conduct business the more inhibited the market is for new competitive entrants (i.e., Gore Tex & Associates total secrecy about Gore-Tex throughout the latter nineties). This is further complicated by the second problem of transparency, which is the need to amass the resources and skills required to imitate a rival's successful strategy, (Miller, 1998). Furthermore, this location specificity is argued by Porter (1989) to be the really unique factor of a competitor firm, ‘it is a factor that market impediments, then, rather than product market circumstances that define success’, pg83. Competitive advantage can be eroded by market changes, such as, shifts in technology and consumer behaviour or be subjected to attrition from competitors. The dynamics of the competitive environment create advantages for competitive leadership as well as potential for deleterious pricing wars and free-riding opportunities.

3.1.6 Dysfunction and homogeneity in strategy

The homogeneity of strategy within market sectors and specific industries was captured by Caves (1977) in the observation that ‘the strategic pursuits of single organizations cumulate across like organizations to fuel the competitive dynamics of whole populations and the distributions of profits and opportunities between firms'.
taken from (Fombrun, 1986, pg410. Spender (1989) showed that managers in particular industries had a repository of set strategic recipes and structural representations for situations that their organisations faced. Spender (1989) concluded that the assumption as to the priorities and actions required within given situations actually had the effect inhibiting the types of solutions used in changing conditions.

Dutton (1993) observed this type of assumptive behaviour as being related to strategic issue diagnosis (SID) or unreflective and automatic reactions to certain stimuli. This describes a cognitive process in which the strategic formulator makes automatic interpretive diagnoses about environmental stimuli and events. The use of pre-established cognitive routines is a form of labour saving used by the individual in the reduction of decision complexity and information redundancy, (Glass and Holyoak, 1986). Unfortunately, this also eliminates full reflection by the strategic formulator on exposure to environmental stimuli and therefore accurate diagnosis and action. This may be further compounded by institutionalism and the role normative ideology within organisations. The actor may be to some extent imprisoned by action determinism or isomorphism within the ideology and culture of their profession and industry, which may impair the rationality of their strategic decisions in regard to environmental stimuli, (DiMaggio and Powell, 1983; Nelson, 1989; Slack and Hinings, 1994). Institutional and isomorphic tendencies in this situation are often the preferred choice for the organisation as trade-offs in strategic-decision making often means making fundamental large-scale choices whilst following the herd is a less risky proposition for most managers.
3.1.7 Positioning and adoption

Multi-National Corporation’s (MNC’s) demonstrate an encapsulated view of the way in which organisations can formulate strategy in regard to their immediate environment through a process of adoption and diffusion with other parts of the environment, (Ghoshal and Bartlett, 1988). In the MNC’s case this occurs with subsidiary adoption or subsidiary diffusion of strategy. The translation of this into the multi-organisation environment is that an organisation can formulate strategy in a number of ways, from simple creation to adoption of a similar competitor and strategy diffusion from other parts of the organisation. The adoption of strategy within the industrial environment is helped considerably by the degree to which the host organisation is normatively integrated with the adopted organisation. This integration will be highlighted in the degree to which both organisation share similar values and goals.

Strategic positioning is the ‘...creation of a unique and valuable position, involving a different set of activities’, (Porter, 1998), pg90. Positioning can be based on three propositions; variety based, needs based and access based, (Porter, 1998). A variety-based position can be obtained on producing a subset of an industry’s product of services. Serving the needs of a particular group of customers would fall under the category of needs-based positioning. Finally, the segmentation of different customers who are accessible in different ways can be categorised as access-based positioning. Good strategic positioning is also about the degree of fit within an organisation’s system of strategic activities. This can be further defined as the way in which an organisation’s strategic activities reinforce and support one another. Strategic positioning always requires trade-offs in the decision of what to do and what not. For
example, Easyjet sacrificed enhanced customer service and premier airport slots offered by other airlines for cheaper flights.

### 3.1.8 Organisational effectiveness is not strategy

Contemporary strategic thinking has been argued, by Porter (1998), as being flawed by the modern organisations confusing the quest for ever increasing efficiency and organisational effectiveness with that of strategy. This has been seen through the dynamic growth in management tools and techniques, ‘although the resulting operational improvements have often been dramatic, many companies have been frustrated by their inability to translate those gains into sustainable profitability’, (Porter, 1998), p73. Rather than using Organisational Effectiveness (OE) as a substitute for strategy the organisation needs to use the two bases OE and strategy as a composite for success and superior performance. OE by its very nature means performing similar activities better than the organisation’s competitors whilst strategy implies performing different activities to those of the organisations competitors or performing similar activities in different ways, (Porter, 1998; Whittington, 1993).

Strategy is where real competitive advantage occurs as OE within an industrial sector leads to greater numbers of organisations performing similar activities in similar ways as their competitors. The result of this is a situation where the only advantage to gain within these taxonomic sets is attained in cost reduction, pricing wars and further OE, which leads organisations to ever narrower profits margins and further strategic homogeneity or as Porter (1998) states, ‘the result is a zero-sum competition, static or declining prices, and pressures on costs that compromise companies’ ability to invest in the business for the long term’, pg77.
OE creates a push towards the productivity frontier and narrower relative gain for organisations in strong competitive markets as competitors mimic best practice, supply partnership strategies and benchmark operational procedures leaving true competitive advantage unobtainable within these parameters. The end result of this is acquisition and consolidation as competing organisations have no innovative freedom and little choice but to buy or consolidate with rivals. In this pyrrhic situation strategic differentiation and a quest for Ricardian rents\(^1\) from resources is required to create a new route towards the productivity frontier with fewer immediate isomorphic competitors.

### 3.1.9 Strategy as an instrument

Strategy has been a powerful force in organisational discourse as a tool of knowledge, power, politics and \textit{a posteriori} justification. Strategy as an instrument of power legitimises the use of power vicariously by provider the ‘strategist’ manager with an abstract to support and justify its use. Knights and Morgan (1991) add the following, ‘since strategy is deemed so important by outsiders, it follows that those professional groups within the organization which claim a central role and expertise in strategy will begin to exercise power over others through the development and transformation of rules and practices’, p265. In particular, its popularity and efficacy among management has been expedited by the following factors, (Knights and Morgan, 1991), p262.
1. It provides managers with a rationalisation of their successes and failures;
2. It sustains and enhances the prerogatives of management and negates alternative perspectives on organisations;
3. It generates a sense of personal and organisational security for managers;
4. It reflects and sustains a strong sense of gendered masculinity for male management;
5. It demonstrates managerial rationality to colleagues, customers, competitors, government and significant others in the environment;
6. It facilitates and legitimises the exercise of power;
7. It constitutes the subjectivity of organizational members as particular categories of persons who secure their sense of reality through engaging in strategic discourse and practice.

3.1.10 Subjectivity in strategy

Strategy and its strength within contemporary management as a panacea for possible organisational ailments encompasses two different views of strategy, subjective symbolic views and objective organisational theory expressed in terms of strategic positioning and type, that sit in antimony with other. The subjectivity of strategy is inherent to it and the extreme of this view is shared by symbolic action theorists who see 'strategy as symbolic action, as having a value and meaning independent of the facts and theories offered by academics', (Jones, 1998), p423. In support of the natural subjectivity of strategy, Burrell (1998) sees managerial disciplines, such as strategy, as purely textual phenomena expressed in managerial language and attached subjective meaning. Strategy provides a text for the assignment of meaning to

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1 The returns to the resources that confer competitive advantage over and above the resources real cost i.e., resource such as,
organisational successes and failures whilst re-ascribing and post rationalising the context for future strategic thought. Object relationships with our reality only become meaningful because of the meaning we attach, which have no real relationship with the actual. March and Simon (1958) and Feldman and March (1981) observed the ‘smoke and mirrors’ nature of strategy and social action as often used as methods of obscuring attention away from the real issues by giving the illusion of positive social action.

The issue of validity of strategic planning in its current form is questioned by Scott, Mitchell and Birnbaum (1981), who observed that it is the act of planning, not the plan itself, that is the important factor for the strategist. The validity and ambivalent outcome of formal planning was also observed by Quinn (1981) who found that most of the major strategic decisions occurring over a planning cycle occurred within the organisation outside the formal planning process and that formal planning only played an ‘incremental’ role in the strategic decision making process.

Furthermore, Quinn’s (1981) research adds to the complex nature of strategy and abrogates the deliberate strategy argument to some extent, as decision-making outside the formal planning process demonstrates the existence of contingency. The use of formal planning techniques in strategic formulation was questioned by Nutt (1984) who observed that formal planning techniques were used at later stages of the decision-making stages in ‘detailing’ and ‘evaluation’ stages but not in the ‘formulation’ and ‘conceptualization’ stages. However, Burt (1978), contrary to finding the planning process unreliable, found that the quality of planning and strategy as measured against a number of variables had a direct measurable effect.
upon organisational outcomes. The problem subjective environmental awareness of
the strategic formulator is questionable. At the top of the organisation is where the
highest quality in decision-making is required. However, this often occurs in
abstraction from the boundaries of the organisation and its operating environment,
which occurs at the bottom of the organisation. The strategic formulator at the top of
the organisation operates mostly in regard only to general environmental indicators
and economic and competitive features of the industry.

Researchers have questioned the objectivity of strategy theories that pertain to the
organisation and its environment. In particular, organisational strategy has been
argued to be biased around the latest view or fad developed around strategy without
regard for other theoretical perspectives as Jones (1998) states in the following,
"unlike other parts of the social sciences or humanities, the challenge of
contemporaneous multiple perspectives seems to be relatively ignored in favour of
declaiming the merits of the latest approach", pg411.

The theoretical embedding of strategy within the context of environmental
contingency is taken up by Donaldson (1997) who argues that strategy is becoming
more positivist as researchers realise that strategic processes are determined by
situation and not by preconceived planning and positioning, (Donaldson, 1997;
Shrader et al. 1984). The positivist approach towards strategy is supported by Jaunch
and Osborn (1981), who regard planning as a profile of decisions and predispositions
of the dominant coalition with respect to environment, context and structure. This
view is further supported by theorists who found that formal planning’s impact on
organisational performance was often derailed or mitigated by structural aspects, life
cycle or environmental contingencies, (Van de Ven, 1980; Lindsay and Rue, 1980; Ford and Schellenberg, 1982). The type of environment the organisation is located in was found by Woodward (1965) to have a direct effect on technology use and strategic orientation.

### 3.1.11 The failure of strategy

The failure of organisational strategy in many organisational circumstances has been argued by critical theorists (Levinthal and March, 1993) to be a failure of organisational learning and new knowledge interpretation based around the problem areas or ‘learning myopias’. For example, these myopias include the following problem areas: the tendency to use organisational oversight in regard to previous times, places and failures. The failure to recognise that strategy that works for one part of the organisation may not be applicable to the whole. The situation is further worsened by over confidence in the organisation that may result in heightened expectations about solutions before the consequences are fully understood.

The complex and often serendipitous nature of strategy has caused many theorists to either over or understate strategy and its importance in organisational discourse. Eisenhardt and Zbaracki (1992) reviewed all of the major competing theories in strategy, which included the following: rational, political, power based, bounded and the ‘garbage can’ model of strategic choice and concluded that the empirical evidence demonstrated that there were three basic factors to understand when analysing strategy, (Eisenhardt and Zbaracki, 1992).
1. That strategic decision-makers are boundedly rational
2. That power wins battles of choice, and
3. That chance matters.

Knights and Morgan (1991) added to the debate about the problems of strategy as an organisational tool and the viewed strategy as being socially fabricated or, ‘the occupation and power of a ‘strategist’ is socially constructed, not a natural phenomenon, and depends on there being certain spaces, discourses and power relations available before it can come into existence’, (Jones, 1998), pp419. Child (1997), adds to this and states, ‘[incumbent] strategic choice articulates a political process, which brings agency and structure into tension and locates them within a significant context’ supports the non-deterministic empowerment of the individual in the strategic process, (Child, 1997), p44.

Strategic choice takes the view that the incumbent management within an organisation have a wide degree of freedom in the strategic choices they make in regard to environment. This discounts the positivist view that the organisation faces deterministic contingency in its relationship with the environment. Strategic choice also adds weight to the causal aspects of managerial competency and human capital. The awareness of contingency is essential for strategic implementation. Strategic implementation is a contingent activity as ‘success in strategy implementation depends partly on whether a firm’s strategy is congruent and complementary with its structure, as different strategies pose different administrative requirements’, (Tse and Olsen, 1990).
3.1.12 Complexity is inherent

The complex nature of strategy finds a degree of fit and explanation among the theories about non-linearity and complex adaptive systems, (Stacey, 1996; Cambel, 1993; Broekstra, 1992). The degrees of freedom and variable change in any strategic decision making system are enormous and this uncertainty compounds the chaotic nature of the decision environment. The initial changes in these types of chaotic systems have serious effects on the solution outcomes. The view that there is fundamental complexity in strategic decision-making systems is further expanded by Knights and Morgan (1991) in the following; ‘Strategy does not simply respond to pre-existing problems. In the process of its formulation, strategy is actively involved in the constitution, or re-definition, of problems in advance of offering itself as a solution to them’, pg270. This understanding demonstrates the ‘effect-then-cause’ nature of strategy and the difficulty of accurate strategic planning. This is an inimical paradox as the purpose of strategic planning is to guide the organisation in its relationship with the environment. This has to occur while a majority of the environment’s contingent variables remain unknown to the organisation. The complexity involved in the interpretation of the organisation’s environment is due to uncertainty or as Milliken (1987) observed, one of three types, (Miller and Shamsie, 1999):

1. General external events;
2. Cause-effect relationships between an organisation and its environment;
3. And decision outcomes.
Uncertainty has to be encompassed at all stages of the decision-making process by the formulator in effort to hedge their bets against the complexity of the environment. The relationship between strategy and complexity has also been further explored by various authors who believe that it becomes more complex and multifaceted in direct relationship to the number of perceived contingent variables salient to the organisation, (Allaire and Firsrotu, 1989; Ghemawat and Costa, 1993; Miller and Chen, 1996). Lee and Miller (1996) argue that in times of high uncertainty the environment demands that the organisation uses a strategy of differentiation where as cost leadership is more suitable for stable environments. However, this view is not shared by Swann (1985) and Tan & Litschert (1994) who observed the opposite occurrence, in times of high perceived environmental uncertainty organisations followed a strategy of simplification(Tan and Litschert, 1994).

Theorists such as Nohria and Berkley (1994) think the answer to the problem of uncertainty in strategy lies in the lack of pragmatism in strategic planning. In particular as demonstrated by Jones (1998) strategic planning this should be based around four pragmatic propositions:

1. **Sensitivity to context** – Being able to judge the parameters of a particular situation and decide what ideas and actions will work in that context.

2. **Willingness to make do** – Experimenting with and using available resources and materials to find workable solutions.

3. **Focus on outcomes** – Being concerned with getting results, but not being too ‘hung-up’ on how to get them.
4. Openness to uncertainty – Recognising the impossibility of being able to anticipate all circumstance and thereby being required to act out of ignorance.

The absorption of a certain degree of uncertainty through pragmatism in the strategic decision making process should benefit the formulator with realistic reality-based expectations of organisational outcomes.

3.2 Structure

Organisations have a shape even if only made tangible to the observer through the analysis of an organisational chart. Structure is the primary organisational variable that dictates an organisation’s entire processes and its chance of success. The structure of an organisation represents the configuration and construction of physical and metaphysical processes. According to Fombrun (1986) and Clegg (1981) structure can be defined as the following processes:

“Structure is understood to be an instance in a dynamic process of structuring that coheres individual actions by animating processes of convergence and contradiction across...levels. Over time, the levels of structure crystallise as layers of constraint on human action (Clegg, 1981) and thereby translate social relationships within the organisations into environmental consequences”, pg 413.

Van de Ven (1976) discusses the fact that there has been a build up in the evidence for the primary constructs of structure in organisations. These are themed around three
generic dimensions that can be attached to all organisations and has lead, “to a growing consensus that complexity, formalisation, and centralisation are the major dimensions of structure”, (Van de Ven et al. 1976), pg 325.

- **Formalisation** – This is the extent to which written rules, regulations, policies, and procedures exist within the organisation.
- **Complexity** – This is the extent to which the division of labour is taken to inside the organisation. This will be related to the level of specialisation and the levels of interdependence inside the organisation.
- **Centralisation** – This is the extent to which the authority to perform specific tasks lies nearer to the top or the upper levels of the organisations structure.

According to Ghoshal (1994), the evidence suggests that these three primary structural dimensions are not fully independent. The existence of one dimension in the organisation usually predicates the existence of the others. The three structural dimensions do not seem to have similar weightings in their importance in the analysis of an organisation. Formalisation has been identified repeatedly by authors as one of the most important structural identifiers, (Weber, 1978; Blau, 1956; Pugh and Hickson, 1976; Hall, 1962; Pugh et al. 1968; Hall et al. 1967; Marsden et al. 1996; Prien and Ronan, 1971; Pugh et al. 1972; Hall, 1996; Simms et al. 1988). Formalisation demonstrates the level to which the organisation has rationalised its internal systems and process in relation to the external environment, functional requirements and organisational goals. Hall (1962) summarised formalisation as an important part of his six dimensions of bureaucracy. Formalisation was observed to be a function of two parts, these are:
• 1] A system of rules covering the rights and duties of positional incumbents.
• 2] A system of procedures for dealing with work situations.

The observer can view the degree of formalisation exhibited by an organisation can be identified by the existence and pervasiveness of any number of internal formal processes within the organisation, such as structured and detailed; planning processes, procedures, recruitment, training, rules and regulation systems. Formalisation has always been intertwined with the architecture of the archetypal bureaucracy. Structural formalisation has been researched under the following areas; formalisation of procedures, (Weber, 1978; Prien and Ronan, 1971; Pugh et al. 1968), use of specific information channels, (Hall, 1962; Pugh et al. 1968), as a function of size (Blau, 1970), and the type and extent of written information within the organisation, (Pugh et al. 1968; Hall et al. 1967).

The causal nature of formalisation is demonstrated in the fact that it causes the organisation to structurally adjust in regard to self-rationalisation, which creates change in the dynamics of the organisation's structure and key processes. This change in process structure and dynamics results in a change of incumbent requirements and with this behaviour. Formalisation can also deliberately guide and shape the human behavioural of incumbents within an organisation by creating operational parameters for behaviour and task completion, Walsh and Dewar (1987) write that, “formalisation serves as a code insofar as the rules that it signify relate to a whole set of behaviours that do not have to be made explicit”. Formalisation plays a major role in contributing to the efficiency of the organisation as it serves as standard for
comparison of what is desired by the organisation and the fair distribution of sanctions and rewards, (Walsh and Dewar, 1987). The level of formalisation within the organisation will delineate the social and behavioural attributes of structure for the external observer and can be seen as the most important analogical descriptive variable in the understanding of the organisation’s structure. However, formalisation has also been suggested to be a double-edged sword that can be effective early on in an organisation’s life cycle but can be constrictive to innovation and fluidity at times of crisis, (Walsh and Dewar, 1987).

Formalisation is not viewed as the main descriptive structural variable by all authors. Egelhoff (1982) saw centralisation, because of its base illustration of power in the organisation, as being the primary structural dimension. Egelhoff (1982) takes the position of viewing centralisation as a single entity and not a manifestation of formalisation. It is logical to view structural centralisation as an incarnation of formalisation as it delineates the authority structure and resource allocation of the organisation, which comes under the domain of positional and role formalisation, (Pugh et al. 1968). Different organisational structures emphasis different intensity and pervasiveness of these three generic dimensions.

Beyond the three primary elements of formalisation, complexity and centralisation that all organisations display at varying levels there is the overriding principle of adaptation to the greater environment. The organisation and its structural relationship with the environment is the critical factor for organisational effectiveness and success. The organisation sits in its operating environment processing inputs through the organisation’s structure, which resulted in the organisation’s outputs. Various studies
emphasised the environment as the independent variable shaping the organisation, its structure and processes. This resulted in the need for structural alignment or 'fit' in the organisation and its subsystems, in respect to the context of the external environment, which creates advantages in terms of efficiency and performance.

### 3.2.1 Rational adaptation

The 'rational adaptation approach' or the 'contingency theory', as it has become known, includes many of the most well known names in managerial philosophy. Contingency theory is a positivist methodology and holds that the relationships found between the environment and the organisation can be measured accurately and classified, in a manner not dissimilar in philosophy to the axioms of Newtonian physics. Organisational structure and its relationships with other variables can be studied in a scientific manner that allows 'cause and effect relationships', often on a single dimension, to be measured, (Donaldson, 1996).

#### 3.2.1.1 Process technology and structure

Joan Woodward (1965) demonstrated the explanatory power of this school of thought. She studied manufacturing firms for the effects of the application of different types of business organisation in success, (Woodward, 1965). She discovered that the type of technology used seemed to have a correlation with the structure of the 'successful' organisation. These use of various technologies required differing structural relationships in areas such as; the CEO span of control, line of command, ratio of supervisors to workers, administrative ratios, and wage percentage etc, (Kast and
Rosenzweig, 1985). For example, management by committee was more common in organisations that used process production techniques; whereas management by supervision was common in organisations that used unit production techniques, (Kast and Rosenzweig, 1985).

This shows the pervasiveness of technology and its role in structuring of the organisation. Woodward’s (1967) work shows that there is an optimal basic organisational structure for each type of production technology. In Woodward’s (1967) study, mass production seemed to be the less complex than the others, in terms of management to employee ratios and production certainty. This may point out the one critical weaknesses of this work, due to the fact that it categorises mass production holistically as an uncomplicated process. However, in reality logically it would be the most complex process, in direct comparison to the other two production types.

Perrow (1970) a few years later revisited Woodward’s study. Perrow (1970), found that two other dimensions of work technology had a major part to play in the structuring of the organisation, these were:

- The extent to which the work task is predictable or variable.
- The extent to which technology can be analysed.

In the use of the term variability, Perrow (1970) meant the number of cases in which the work or task was irregular or uncertain. The level to which it could be analysed referred to level to which the task could be broken down into component parts and
solved by the use of routine procedures or subsystems. Perrow (1970) viewed this classification as existing on a technology continuum ranging from routine to non-routine. Measuring tasks along these dimensions would give the organisation a direct guide to predict effective structuring. Perrow (1970) observed that organisations tried to be rationally congruent in their alignment of structure and technology and where possible would adapt their structure to ensure this and avoid maladaptation, (Perrow, 1970).

Thompson (1967) around the time of the rise of the ‘technology school’ started to look at forms of technology and structural independence. Thompson (1967) observed organisational departments and the varying levels of independence between them. Thompson (1967) hypothesised that the resultant levels and types of structural independence were a factor due to the type of technology use and the production process. According to Burnes (1996), Thompson (1967) viewed the firm as ‘striving’ to be rational due to the fact that it would, “in the interests of those who design and manage the organisation that its work be carried out as effectively and efficiently as possible “ and later “in order to achieve this, organisations attempt to insulate their productive core from the uncertainty of the environment”.

However, protection of the internal components of the organisation was not always possible because the organisation had to continually operate in interaction with the environment, taking its products and services to their respective markets for sale. This gave organisations the dilemma of having to allow the different components of the organisation to have differing structures in which to operate in a ‘more’ or ‘less’ environmental dependent manner, (Burnes, 1996). The reality of multi-structuring
would allow the organisation greater coordination allowing it to be multifaceted in its 'boundary spanning' activities and exposure to the external environment.

**3.2.1.2 Task and structure**

The situation of environmental exposure and dependence is very similar to Lawrence and Lorsch’s (1967) argument for the need for correct integration and differentiation levels and types within the organisation’s structure, (Lawrence and Lorsch, 1967). However, Thompson (1967) succinctly pointed out the fact that there indeed existed distinct and specific classifications and structuring of internal work interdependence, (Thompson, 1967). These, he saw as being of three types:

- **Pooled Interdependence.** This is where each part of an organisation operates in a relatively autonomous manner, but by fulfilling their individual purposes they enable the organisation as a whole to function effectively.

- **Sequential Interdependence.** This is where overall effectiveness requires direct interaction between an organisation’s separate parts.

- **Reciprocal Interdependence.** This is where the outputs from one part of an organisation constitute the inputs for other parts of the system.

Thompson’s (1967) ideal organisational design was a buffered technical core charged with routine task completion and boundary-spanning units processing environmental uncertainty. These boundary units would have to be dynamic enough to complete the non-routine tasks that were contingent upon the environment.
Earlier Sloan (1963) hypothesised a direct linear relationship between degree of centralisation and the degree of interdependence. The different forms of structural interdependence were related to the degree of environmental complexity the organisation faced and their methods of coordination and control, (Thompson, 1967).

In addition to this, Liden et al (1997) argues that task interdependence was the variable that had the greatest effect on structure and the performance of a group inside the focal organisation, (Liden et al. 1997). In simple environments organisations tended to rely upon pooled interdependence. This changes in complex environments, where there is a greater probability that an organisation will rely upon sequential and reciprocal interdependence, or any combination of all three simultaneously. Each form is characterised by specific forms of co-ordination. For example, as Burnes (1996) writes;

“Pooled interdependence would be characterised by standardisation through the use of rules and procedures. Sequential interdependence would require the use of detailed plans and written agreements, while reciprocal interdependence would achieve co-ordination by means of personal contact and informal agreements between members of those parts of the organisation involved”, pg66.

Structural coordination inside organisations has traditionally been viewed through a one-dimensional architectural lens, searching for the right structure, technology or market. Thompson’s (1967) work was a major contribution in the advancement of a multi-dimensional view because it showed how environmental uncertainty and
technology use within the organisation can be linked to the level and type of internal work interdependence exhibited. This allows the researcher to view the inherent complexity of task structuring and environmental dynamics. This deviates away from the specific structural typology of the archetypal organisation, given by Burns and Stalker (1961), and allows a reductionist view of efficient structuring for departments with varying technological use and dependency in relation to environmental complexity. Thompson (1967) does not offer a discrete contingent structural dichotomy but emphasises the rationale behind the appearance of various composite structural forms in relation to contingency.

The level of task interdependence exhibited by organisations may be an antecedent to other social problems. High interdependence has been shown to be a major cause of conflict, (Jehn, 1997; Jehn, 1995), and has also been shown to produce organisational dysfunction, (Kidwell and Bennett, 1993). Furthermore, this relationship has been shown to be highly contingent upon performance. Accountability structures within groups seem to provide some reprieve to the problems of task interdependence. Fandt (1991) observed that when task interdependence was high the groups with the highest accountability produced the best performance. Moreover, the level of autonomy given to an incumbent in interdependent situations is seen by Liden et al (1997) as problematic, "group effectiveness may suffer in task interdependent groups that possess little control", pg172.

The counter to rational adaptation of task within the arguments is that structural positivism may be contained in the variance in human capital inside the organisation and the effect of uncertainty and contingency on the processes of production. This is
shown in the arguments of researchers such as, Hales (1993) and Stewart (1967) who propose, that what managers actually do in terms of task structuring and behaviour pertaining to them may be fundamentally different to what the organisation says they do, as dictated by structure and formality.

3.2.1.3 Socio-technical structural thought

Technology is seen to be a pervasive and significant structural and social change agent by many researchers. The importance of technology in structural theory and the ‘technology school’ was not founded by Woodward’s (1965) research but occurred earlier with the research conducted by the Tavistock Institute\(^2\), whose work on ‘socio-technical theory’ gained new insight. Socio-technical theory looks at the effects of technology change on internal organisational social systems, (Trist and Bamforth, 1951; Fensham and Hooper, 1964). Fundamental to this is the understanding that newly imported technologies alter the skill type and allocation of labour processes in the organisation, which in turn supply, after structural change, either opportunities or threats to the focal organisation, (Barley, 1990; Majchrzach, 1997). New technology is seen as a Janusian in its effect on the adoptive organisation as it can, “exert unintended as well as intended pressures on the social organisation of work”, (Barley, 1990). Structural changes occur in this situation because new technology can change dependencies or create new ones whilst requiring changes in interaction between different organisational members and altering the overall pattern of control, (Barley, 1990). New technology adoption within an organisation may weaken boundaries,

\(^{2}\) Originally researched ‘long wall’ coal production technology and its effects on the structuring of the respective organisations.
status, and hierarchy through the altered role relationships that structural change incurs.

Emery (1993) considered there to be three problem groups for the study of socio-technical theory, these were, work roles and capabilities, coordination, and feedback, (Emery, 1993). There are fifteen categories of socio-technical design elements that have to be taken into account when analysing an organisation’s structure, these are, (Majchrzach, 1997):

5. Employee values.
6. Reporting structure characteristics.
7. Performance measurement and reward systems.
8. Areas of decision-making authority.
9. Production process characteristics.
10. Task responsibilities and characteristics.
11. Tools, fixtures, and material characteristics.
12. Software characteristics.
13. Skills (breadth and depth) characteristics.
15. Equipment characteristics.
The socio-technical school has maintained an ideal type of organisational design for the acknowledgement of socio-technical dependency and overall effectiveness. This optimal socio-technical type of structural design has been tried by Hewlett-Packard and consists of the following, (Majchrzach, 1997), pg537:

“The ‘ideal’ type design consists of interdependent tasks grouped into the same role, people provided the skills and resources to control their variances, technologies that complement and enable (rather than inhibit) effective human performance, people rewarded for performance, and an organisational structure that enables information to be shared among those most closely associated with the work.”

Socio-technical structural understanding presents a number of problems for the system designer in an attempt to make the system’s components as synergistic as possible. If the focal organisation is ineffective this is caused by socio-technical dependencies between gaps in the design features of the organisation. These gaps could either be additive, mutual, or compensatory, (Majchrzach, 1997). Additive dependency is a problem of multiple design gaps being present simultaneously and causing harm to each other, i.e., lack of user-friendliness in a package plus an inefficient support team. Mutual dependency is a situation where a ‘less-than-ideal’ design gap detrimentally affects another feature of the system. Compensatory dependency is the existence of a design gap that is compensated by an ‘ideal’ practice of another feature, (Majchrzach, 1997).
3.2.2 The organisational form

Burns and Stalker (1961) viewed structure as an organisational process, one that could allow the organisation to achieve objectives. Burns and Stalker (1961) focused on the effects of organisational technology and the environment general condition as the main factor. The environment was listed under five different types of conditions from ‘stable’ to ‘least predictable’. The antecedent environmental conditions results in a dichotomization of organisational structure and management processes. The archetypal structures were the ‘mechanistic’ organisation and the ‘organic’ organisation, (Burns and Stalker, 1961). These systems, as Mullins (1996) writes, “represented the polar extremes of the form, which such systems could take when adapted to technical and commercial change”. Burns and Stalker (1961) suggest that these two systems are rational in their relationship to the external environment even though the resultant structures are ‘polar’ opposites of each other. The archetypal mechanistic organisation consists of a rigid structure, similar to that of the bureaucracy, and is most suitable in stable environments. The exact characteristics of the mechanistic organisation are as follows, (Mullins, 1996):

- The specialisation of tasks.
- Closely defined duties, responsibilities and technical methods.
- A clear hierarchical structure.
- Knowledge centred at the top of the hierarchy.
- The tendency for vertical interaction between superior and subordinate.
- The use of instructions and decisions by superiors on methods of operation and working behaviour.
• Insistence on loyalty to the organisation and obedience to superiors.

This mechanistic structure differs from the organic structural form in all aspects. The organic structure is a more dynamic and shows flexibility and fluidity in respect to changing environmental conditions. Therefore, the organic structure is most suitable in turbulent environments where expedient decisions and rapid repositioning is required. The characteristics of the organic structure are as follows, (Mullins, 1996):

• The contribution of special knowledge and experience to the task of the organisation.
• The adjustment and continual redefinition or tasks.
• A network structure of control, authority and communication.
• Technical or commercial knowledge located throughout the organisation, not just at the top.
• A lateral direction of communication, and communication based on information and advice.
• Commitment to the common task of the organisation.
• Importance and prestige attached to individual contribution.

Burns and Stalker (1961) were the first researchers to really tackle that nature of the organisation with regard to environmental change and structural relationship. This provision of their dichotomy is an extreme foundation for the analysis of a particular organisation and its fundamental structure. The importance of these findings cannot be overstated in its relevance to managerial discourse and researchers still look at the organisation through this basic lens.
However, the only criticism that one could make about Burns and Stalker's (1961) typology is that it again does not account for the possibility that there may be other or multiple structures for organisations to exhibit. Multiple structuring can be found in many modern and hybrid organisations, or subunits, which exist in a structural duality containing both mechanistic and organic components, (Kast and Rosenzweig, 1985). The other possible quasi-hybrid structure displayed by modern organisations is that of the matrix structure. According Gresov (1989), The hybrid design may not be a radical departure from an existing structure but still has risk as an inherent property, i.e., an organic structure with a mechanistic subunit. This concern is displayed by Gresov (1989) in the following, pg447:

"Increasing horizontal communication while retaining other features of a mechanistic design. This strategy is essentially a hedge against the full costs of either of the pure strategies, but it incurs the risk of inconsistency in design."

The matrix organisation is a structural design that allows the simultaneous integration of functional departments and project based teams in structural grid. According to Mullins (1996) and Kast & Rosenzweig (1985), the matrix organisation is designed to meet two organisational needs: (1) the need to specialise activities into functional departments that develop technical expertise and provide a permanent home base for employees and (2) the need to have units that integrate the activities of these specialised departments on a program, project, or systems basis.
The typology gained from Burns and Stalker (1961) does not begin to explain the structural aspects of the organisations internal components and functions in regard to environmental conditions. The work of Lawrence and Lorsch (1967) found symmetry with the work of Thompson (1967) in delineating the effects of the environment on department structure and cooperation within the organisation, while Thompson (1967) looked at the environment and task interdependency effect on structural characteristics. Lawrence and Lorsch specifically looked at aspects of departmental differentiation and integration, (Fincham and Rhodes, 1992). Departmental differentiation was used to describe, “the difference in cognitive and emotional orientation among managers in different functional departments”, (Lawrence and Lorsch, 1967), pg78. Departmental integration describes “the quality of the state of collaboration that exists among departments that are required to achieve unity of effort by the demands of the environment”, (Lawrence and Lorsch, 1967), pg78.

Lawrence and Lorsch (1967), findings demonstrate that different departments have different microenvironments in which they operate, i.e., production departments are fairly stable, technical, and the most bureaucratic environment, where as research and design departments are dynamic, scientific, and the least bureaucratic environment. Success, in the dynamic environments is governed by the organisation's ability to contain a high degree of differentiation and high levels of integration. In stable environments differentiation is not such an issue, integration is still required but in a different style. The styles of structural integration that are required by the organisation are environmentally contingent. For example, in mechanistic structures, integration by the bureaucracy and regulation is shown to be the most effective. This changes in
organic organisational structures where structural integration through teamwork and networking was shown to be better.

This sounds familiar, mirroring Thompson’s (1967) conclusion on the reasons why organisations in dynamic environments chose to buffer core departments and technologies by the use of differentiated structures. The requirement for the buffering of core technology is very important for larger organisations that often exhibit major resource and structural inefficiencies. However, large organisations have economy of scale in resource deployment for protective environmental cover, or as Daft and Lengel (1984) write, “large organisations learn to take advantage of internal efficiencies by responding through habit or buffering the technical core when external changes do occur”, pg192.

3.2.2.1 A critique of structural typologies

Lawrence and Lorsch (1967), as contingency theorists, make a departure from the starkly objective organisational structural dichotomy theorised by Burns and Stalker (1961) and the one-dimensional view of the organisation being one structure or another, (Lawrence and Lorsch, 1967; Burns and Stalker, 1961). Lawrence and Lorsch (1967) provide synthesis for the acceptance that structurally the organisation can exist within a number of variables in multidimensional space. Donaldson (1996) adds to this by supporting the ‘Cartesian’ structural analysis model as providing the observer with a way of analytically defining the organisation as a set of coordinates within space, (Donaldson, 1996). Moreover, this theoretical view accepts the reality
of organisations containing different degrees of structural formation along a number of different environmentally dependent variable axes.

The modern Cartesian view of the organisation and its structure finds a home with Socio-technical theory, as it also is not dependent upon an optimal design typology. Instead, “compensatory effects among socio-technical structural variables help the organisation to overcome constraints and an inability to meet all the characteristics of an ideal profile”, (Majchrzach, 1997), pg560. Furthering this school of structural thought that there are many organisational structural forms and related levels of environmental rationality, Fombrun (1986) argues that, “Structuring involves a resolution of the twin polarities of convergence and contradiction. If so, then the development of organisational collectives could conceivably take many forms, from pure convergence to recurrent crisis”, (Fombrun, 1986), pg417. This argument echoes that of the reoccurring structural flux and stability seen in the research on complex adaptive systems and their chaotic realities, (Broekstra, 1996; Cambel, 1993).

However, contrary to Lawrence and Lorsch’s (1967) findings, Huber et al (1975) and McDonough and Leifer (1983), report that turbulent environments lead to less bureaucratic structures. They found that in conditions of environmental uncertainty the focal variables moved in an exact opposite direction along the dimensions and organisations tightened their structure, (Huber et al. 1975; McDonough and Leifer, 1983). Pennings (1975) also finds no evidence that the two dimensions environmental uncertainty and structural type had any correlation. However, an opposite situation thesis to Lawrence and Lorsch (1967) can be seen in research by Hannan and
Freeman (1984) in which in times of organisational crisis organisation’s exhibit administrative ossification and structural inertia, (Hannan and Freeman, 1984).

The difference in the conclusions of research into environmental contingency and organisational structure may in part due to the contextual situation of the organisation and time of research and the use of different definitions for key variable measurement areas and research concepts. This is compounded in the use of uncertainty as a key variable (Argote, 1982). Other factors that hinder the reliability of the methodologies are the varying sample populations and theoretical constructs.

3.2.3 Size and the organisation

Relating the size of the organisation to its structure is important to understand because as organisations grow and rationalise their existence in regard to their environment structural change occurs through the medium of formalisation and resource deployment. Blau (1970) factors the managerial and administrative component of the organisation into the contingency paradigm. Blau’s (1970) findings support the major conclusions of Woodward’s (1965) study. He holds that as an organisation grows in total size it increases its structural complement of managerial and administrative staff. Furthermore, Blau (1970) adds to this in the observation that the greater the internal complexity inherent to the organisation has the result of creating a greater need for a larger administration. The growth of administration is slower than the immediate growth of employees. Eventually, in terms of administrative intensity eventually the organisation achieves economies of scale, or as Donaldson (1996) writes, pg85;
“Growth in organisational size leads to a decline in administrative intensity (Blau, 1970). This occurs through several intervening variables. The greater internal complexity of large organizations raises their administrative intensity. However, this is more than offset by greater homogeneity of the more specialised work teams that simplifies management and also by the greater reliance on standard rules and procedures that simplifies management as well. The net effect is less administrative intensity in larger organisations.”

The understanding of size and structure is similar to the earlier held maximisation principle, which is the theory that the, “development and elaboration of organisational structure”, occurs because, “in their [the organisation’s] attempt to control the environment, they will move to toward growth and expansion by adding new functions and substructure”, (James and Jones, 1976), pg77. The theory maintains that this growth results in increased specialisation, standardisation and formalisation, (Katz and Kahn, 1966). In later research Bass and Barrett (1972), postulate that the increase in organisational size and structural complexity leads to an increase in subgroups and their interests, which results in a bifurcation of interest between these parties and the rest of the organisation. The second postulate by Bass and Barrett (1972) is that the overall satisfaction of the individual is negatively related to organisational size because of the decrease in the structural probability of direct or partial involvement in the decision-making process and tangible achievement.
Furthermore, organisational size and resultant structural change is seen by some theorists as being a cause of dysfunctional behaviour in the organisation. Porter and Lawler (1965) argue that size and sub-unit specialisation have a negative effect on organisational incumbents, which manifests itself in a number of negative attributes such as, low group cohesiveness, high formalisation, high task specialisation, and poor intra/inter unit communication, (Porter and Lawler, 1965). However, this is not found by James and Jones (1976) who emphasise that a high degree of formalisation and standardisation is not always a negative factor because for some individuals it reduces the level of ambiguity that surrounds roles and task achievement inside the focal organisation. However, Rosseau (1978), adds that structural formalisation is related to absenteeism and stress and does not find any positive factors in her research. Adler and Borys (1996), view formalisation as an ambivalent organisational control technology and dichotomised it as being either an enabling agent allowing employees to do their tasks or coercing employees into task compliance, (Adler and Borys, 1996).

3.2.4 Formalisation as a technology

The controlling aspect of formalisation as a component of structure is looked at earlier by Gouldner (1954) within the concept of ‘the frontier of control’ between management and subordinates. This position supports the size causes formalisation thesis, and holds that increased size leads to increased bureaucracy and greater needs for control, which meet through increased formalisation, (Gouldner, 1954).

The theorists Woodward (1965), Burns and Stalker (1965), Thompson (1967), Lawrence and Lorsch (1967), and Perrow (1970), provide the canvas to analyse
organisational structure in regard to environmental contingency. Moreover, they hold that it is the alignment of environmental variables and organisational tasking that decide on the applicability of structural aspects such as, increased formalisation, as discussed in the following, (Adler and Borys, 1996), pg67:

“According to contingency theory, negative attitudinal outcomes attributed to formalisation are often due to a misalignment of task requirements and organisation job design. Employees will react positively both when high levels of formalisation are associated with routine tasks and when low levels of formalisation are associated with non routine task.”

Departmentalisation is a natural product of formalisation that occurs through the organisational subdivision and subsequent functional elaboration of the organisation’s structure. Departmentalism is a function of formalisation and is seen by Thompson (1967), as a “mode of homogenising organisational positions and objectives, implying an underlying consensus as to goals, objectives, and work processes”, (Bacharach and Aiken, 1977). The solidifying and legitimising of incumbent position and organisational function is an important control tool for the organisation in making a structural abstract of key positions, ones that can not be tied down to an individual and are only relevant to the institution.

However, formalisation does not provide a holistic picture of the organisation’s internal processes, according to Adler and Borys (1996), formalisation objectifies structure but does not answer the problem of whether the inherent ‘deskilling’ and
automation that task rationalisation and production formalisation brings leads to 'alienation', or 'augmented capabilities'. The inherent level of formalisation within an organisation is an important variable to be used in the depiction of the organisation's structure and incumbent social reality. Hales (1993), places the division of labour as a control technology, and a dynamic brought about by formalisation in the organisation, in the following light:

“A detailed division of labour may also make labour more easy to control as a result of labour substitutability and break-up of the work group. Physical separation of both tasks and workers reduces interaction, retards the development of common perceptions and attitudes and means that managers can deal with workers as relatively isolated individuals.” Hales (1993), pp81-82.

The situation shown by Hales (1993) and many other researchers is inextricably tied to the dynamics of task rationalisation and formalisation. As the separation of worker and craft continues, with the commoditisation of production components and tasks pertaining to them, the issue of control becomes less complex but the problems of motivation and commitment to common objectives gains complexity.

3.2.5 For contingency theory

In extrapolating structural understanding from this abridged research and related arguments it would seem as if there is a level of co-dependency and terminology ambiguity in the variables under investigation, which makes theory construction validity an issue. The problem of intercorrelation of the investigated specific variables of structure is discussed in the following, “...namely size, configuration,
specialisation, standardisation, formalisation, and centralisation, are all positively and relatively highly intercorrelated", (James and Jones, 1976), pg109.

The criticism of contingency theory and other positivist methodologies are numerous; the following paragraphs contain a few factors the researcher has considered. The direct cause and effect relationship between organisational performance and another variable have been argued to be erroneous by theorists, such as Child (1972), and strategic management choice school, who argued that contingency theory excludes the role of human choice in structural decisions. Child (1972), suggests that more attention should be paid to, “the essentially political process, whereby power holders within the organizations decide upon courses of strategic action", (Child, 1972) cited in (Kochan, 1975), pg436. Child (1972) and Adler and Borys (1996) put forward the case that the powerful inside organisations have a dominant role in shaping them. This asymmetry of power allows senior management choice in operational outcomes within the organisation, deflection of responsibility for blame downwards and allows subordinates little chance for credit for ‘positive outcomes’, (Adler and Borys, 1996).

The acceptance and understanding of contingency, in the view of the researcher, has not limited human choice but rather rationalised the context of economic rationality in the organisation and its related sanctions on poor performance due to environmental maladaption. There may, as Donaldson (1996) writes, be a period of slack ‘fit’, or environmental maladaption, which will eventually become curtailed by the organisations efficiency requirements that force organisations to ‘snap’ back to ‘fit’ and environmental adaptation, (Donaldson, 1996).
The difficulty in relating structural performance and environmental alignment has been criticised because of the inherent ambiguity in the definition of good performance, (Mullins, 1996) also it does not take into account other factors that may influence performance, i.e., emergent opportunity, free-riding, government generosity or monopoly situations. The measure of performance in most of these studies was on an economic basis, which can be seen as a fairly reasonable base measurement in a capitalist organisation. The argument detailing the opportunity of situation does not entail that the organisations are structurally efficient or ‘aligned’ with their environment.

Contingency theory also holds the view that independent external contingent variables are a ‘given’ and beyond the control of focal organisation, (Mullins, 1996). This may, in the critics view, not be applicable if the organisation is of a certain size and has enough power to lobby government and use restrictive practices to maintain an element of competitive environmental control, as AT&T did before their forced break up into ‘baby bells’.

The researcher again, holds the view that this situation does not suggest that the focal organisation is not dysfunctional and maladapted to the environment in ‘real terms’. In this situation the environment can be seen as synthetic and will eventually ‘snap’ back the organisation to it an aligned structure by the forces of its own inertia combined with competitive market forces. The outcome of maladaptation is the entropy and death of the organisation. One criticism the researcher is aligned with the environmental contingency critics upon is the problem of the ambiguous definitions of the key variables of environment, size and technology, (Burnes, 1996).
As previously discussed, the one-dimensional view of some of the contingency theorists’ research is an issue in that their research often shows only the relation of one independent variable to one dependent variable without regard to other possible variables, i.e., size and administrative intensity. This precludes other antecedent factors, i.e., in the example given the reality may be because of the organisation’s specific type of control systems. Thompson (1967), saw the existence of ‘misfit’ as a ‘departure from the norms of rationality’. Finally, the ‘either’ ‘or’ typology of some studies for optimal structuring is very mechanistic in view and discounts the possibility of hybrid organisation, or the ‘Cartesian’ co-ordinate approach to measurement. The ‘extreme type’ or ‘dichotomy’ is unlikely to be the reality for many organisations and this configuration ossifies the understanding of most focal organisations.

### 3.2.6 Systems thinking

The systems view of the organisation and its structural architecture is advanced by Stafford Beer (1978) through a contingency based ‘higher resolution’ view of the environment and the organisation, (Arbnor and Bjerke, 1997). This school inherits its roots from the contingency school and also sees the focal environment as having a cause and effect relationship with the organisation. However, the generalist relationships of environmental contingency are not a limitation for systems thinking as the observer could focus the ‘lens’ of systems theory to any resolution level, and arbitrarily chose the system’s boundary for analysis. This ‘macro’ or ‘micro’ approach has powerful application possibilities for organisational research and also allows the organisation’s situational context to be included into the parameters.
According to Arbnor and Bjerke, a system, at its simplest, is a set of components each with a relationship between them. This approach and its inherent complexities is summarised by Arbnor and Bjerke in the following:

1. A system is not an analytical approach model that is exceptionally comprehensive or that considers more aspects than simpler models do. It is something much more fundamental than that. It is a reorientation of thinking compared to the analytical approach! This reorientation means studying components that are in inevitable interaction with each another instead of in potential cause-effect relations.

2. In order to explain or to understand an individual component it is not enough to study the component itself or in isolation. A researcher/consultant/investigator must put the component in context. This reasoning can be carried to a higher level. In order to explain or to understand a system it is sometimes necessary to place it in its own context or environment; this makes it possible to distinguish between open and closed systems. Open systems are studied in the context of the environment; closed systems are not. Business theory is usually interested in open systems.

This organisational view is a move away from the scientific ‘reductionism’ approach, which viewed organisations as a collection of ‘linear’ mechanisms that had a simple
cause and effect relationship with each other. Systems theory is a ‘constructionist’ approach that viewed the organisation as a collection of subsystems contained in a bigger system of the organisation as a whole. These resolution levels can be taken all the way out to the ‘macro’ level of society as a system and all the way down to the ‘micro’ functions of a reception desk as a subsystem of an organisation. The boundary to a system can be placed by the observer in respect to the level of system interaction with the environment, and the classification of the system. This may involve the system being ‘closed’ in nature, as in the case of a simple thermostat on a kettle, or ‘open’, as demonstrated by a company help line. The following is a simple diagram (figure 3.3) of an open system:

\[\text{Figure 3.3: An open system}\]

The choice of the system’s boundary is inherent to the systems context, (Arbnor and Bjerke, 1997; Mullins, 1996). Researchers can model organisations and the structure they exhibit by understanding systems. The rationalisation that the organisation was an open system contained in the external environment\(^3\) is the beginning of a holistic and more detailed understanding of the organisation and its structure.
As a backlash, but not a complete departure in its truest sense, to contingency theory and pure ‘determinism’, are the structural theories of managerial strategic choice, resource dependency theory, economic exchange theory, population ecology and institutional isomorphism.

3.2.7 Choice in structuring

As previously mentioned, strategic choice theory, championed by Child (1972), is an attempt to detract from the determinism of contingency theory and bring back the ‘human choice’ element into organisational direction and growth. (Child, 1972; Donaldson, 1996). This theory proposes that individuals in powerful positions inside focal organisations can exercise a high level of managerial choice and discretion and strategically steer the organisation in directions to suit their purpose. Management will decide this purpose and it is contingent upon their perceptions, values, interests, beliefs, politics and so on, (Donaldson, 1996). This view sees the influence of environmental contingency on structure as being mediated by, “several intervening factors reflecting the presence of human actors”, (Donaldson, 1996), pg45. This is furthered, by the suggestion that if there is a misfit between structure and contingency then the actor within the organisation can adjust the structure or contingency to regain fit.

This, in the view of the researcher, only seems to be only applicable in a monopoly situation, where an organisation may have the power to lobby and adjust government

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3 Containing PEST (Political, Economic, Social, and Political) factors that interplay and have a causal effect on the organisation.
or social policy. Albeit, possible this situation will only occur for a temporal period of time before the dysfunctional environment snaps back to fit.

Moreover, strategic choice holds that if there is structural misfit within the organisation, even though inefficient, it can still absorb the incongruence of the environment and exist for a long time, whilst serving the interests of a few incumbents. This factor sounds similar to the economic proposition of ‘game theory’, where true co-operation and efficiency in groups, or organisations, break down once the end result or ‘end game’ is realised, and the ‘knowledgeable’ act in ways to serve their own self-interest, (Uzzi, 1997). The level of power various stakeholders have in an organisation is a topic of interest to all concerned.

This reality is particularly poignant in PLC’s, which are based in the free market economy. The shareholders as a body are quick to react against self-serving directors and inefficient company structures. In a PLC if the environment and the organisation shows maladaptation then the question remains as to, how long can a few profit from their own self-interest before they are sanctioned?

3.2.8 Population ecology

The ecology school addresses the conservation of organisational resources and structural responses to the environment. Resource dependency theory builds upon the work of Thompson (1967) and the work on the political economy of organisations, (Pfeffer and Salancik, 1977; Thompson, 1967). Although, this theory is a variation of
contingency theory it differs in that it is more contextual in the environmental assumptions it makes. It proposes that the organisation and its patterns of resource dependence can lead the organisation to be constrained and imprisoned in its environment by the availability of its required resources. However, it does speculate and demonstrate that the organisation has some control over its supply of resources and seeks to maintain a level of autonomy over the environment, i.e., by building supply agreements, or by vertical integration.

According to Thompson (1967), resource stock piling and supply lock-ins can have a limiting effect as it may give the organisation a strong foundation in stable periods but ossify and restrict the organisation in turbulent environments, (Thompson, 1967). Resource dependency is similar to the strategic contingency perspective, which, "proposes that workers who conduct complex tasks will gain power in the organisation as the others become dependent upon them to reduce fundamental organisational uncertainties", (Konrad and Wright-Brown, 1993), pg210. Central to this is Thompson’s (1967) thought on organisational dependency as being the ‘obverse of power’.

McKelvey and Aldrich (1983), add a biological note to resource dependency theory in their theory of population ecology and their research in the airline industry, again builds upon contingency theory and holds that if organisations are to find an advantageous niche they must develop a specific set of competencies that are highly rational for that given niche. These competencies will allow a superior level of

\[^{1}\] It is not unheard of for the sell out or disposal of an unpopular, inefficient, and greedy directors, or even a board of directors, i.e., Forte.
alignment in regard to the environment. The level of this specific ‘fit’ will gauge the long-term survival probability of the organisation.

This differed from contingency theory in that it did not look at general environmental relationships and their effect on the organisation, but instead looked at specific environmental relationships and resource availability to delineate successful structuring. These relationships are specific and ‘more’ or ‘less’ important to that niche, (Donaldson, 1996). This follows on from Burns and Stalker’s (1961) simple organisational typology and creates a taxonomy of organisations. Population ecology “identifies phylogenetic trees of similarities and differences across organizations in the manner of a taxonomy in biology”, (Donaldson, 1996), pg10. Fombrun (1986) suggested that organisations become banded together inside populations because of horizontal dependence that binds them together in terms of supply and demand.

The primary critique against such theory is that the level of analysis at which it is taken at. Theoretically, the individual organisation is not the level at which the research is carried out upon but the aggregated industrial level, (Donaldson, 1996). The results and the analysis methodology has found a high degree of criticism in regards to the exclusion of variables that are deemed important for the measurement of interdependence and the use of zero order correlation.

3.2.9 Population ecology, structure and the market economy

In viewing the organisation as structurally rationalising the contingent environment for survival Williamson (1981), in his view, under transaction cost theory, proposes
that organisations tried\(^5\) to act in an entirely economic rational way, if possible. The organisation is only interested in the transaction, which he defined as occurring when a good or a service is transferred across a technologically separable interface, or the bringing of a good to market and the sale of the product, (Williamson, 1981).

Williamson (1981) thought that the *primus* of organisations was to reduce the costs of these transactions and that different market situations had different levels of complexity attached to them. Any difficulty or 'friction' that arises can be seen as a contractual problem between parties. The organisation is in the view of Williamson (1981) designed to minimise these 'frictions' and costs through planning, control, and market adaptation (Williamson, 1981). Transaction cost analysis has aspects such as transaction frequency; asset specificity\(^6\) and maladaptation\(^7\) costs attached to it that effect the cost of transaction. As the main component of structural inertia and environmental maladaptation asset specificity has six kinds of distinctions that can be made, these are (Williamson, 1991).

1. **Site Specificity** – as to where successive stations are located in a cheek-by-jowl relation to each other so as to economise on inventory and transportation expenses.

2. **Physical Asset Specificity** – such as specialised plant that is required to produce a component.

3. **Human Asset Specificity** – that arises in learning by doing.

4. **Brand Name Capital** – intangible value that is inherent to a brand.

\(^5\) This relied upon the understanding that we are “boundedly rational”, see (Simon, 1957), and that humans are opportunistic.

\(^6\) This is the degree to which an asset can be reused and redeployed for alternative uses and by different users without a loss in production value, (Williamson, 1991).

\(^7\) The cost of alteration if the contract is unacceptable to a party.
5. **Dedicated Asset Specificity** – which is a discrete investment in general-purpose plant that is made at the behest of a particular client.

6. **Temporal Asset Specificity** – which is akin to technological nonseperability and can be thought of as a type of site specificity in which timely responsiveness by on-site human assets is vital.

Williamson (1981), also points out the advantages of bilateral exchange situation, (Williamson, 1981). This is a situation where two organisations can create, through asset specificity, a ‘small number’ advantage and supply the market, through mutual symbiotic exchanges, at an advantageous cost position, i.e., a car part production plant being located next to a car building factory.

Alchian and Demsetz (1972) in the same theoretical light add to transaction cost theory, describing the firm as a ‘nexus of contracts’, viewing the employees in the same light as customers in the market situation. This was seen in all aspects of the organisation’s functioning, “to speak of managing, directing, or assigning workers to various tasks is a deceptive way of noting that the employer continually is involved in renegotiation of contracts on terms that must be acceptable to both parties”, (Alchian and Demsetz, 1972), pg782. Williamson (1991) then adds to this, that in regarding the organisation as a nexus of contracts misses the organisation’s difference compared to that of the market place, this difference is the, “bilateral adaptation effected through managerial flat is a distinguishing feature”, pg270. The other aspect of this view that is missed is that, “compared with markets, internal incentives in hierarchies are flat and low powered, which is to say that changes in effort expended have little or no immediate effect on compensation”, (Williamson, 1991), pg272. Employees inside
the organisation also work within parameters or ‘zones of acceptance’ in terms of safety and dignity. Williamson (1985) also argued that one of the major benefits of the archetypal hierarchy in comparison to pure market exchange was the accuracy of the information it attained for decision-makers.

Transaction cost theory eliminates the environment as an immediate contingent factor, relying upon the ‘economically’ opportunistic behaviour of individuals to service the market need, but does not abrogate it. Another criticism that one could wage against transaction cost theory is that it assumes that uniform market pressure is the variable that weeds out the maladapted organisations. This does not take into account dysfunctional monopolistic or oligopolistic market supply situations.

### 3.2.10 Institutionalism

DiMaggio (1983) explored the theme of convergence and organisational embeddedness in similar populations at length. DiMaggio and Powell’s (1983) theory of isomorphism is another branch of McKelvey and Aldrich’s (1983) ideas on organisational taxonomy, and also specifies environmental reasons that determine the types of organisational structures that occur in specific industrial sectors. DiMaggio and Powell (1983), discuss the environment forces that impact organisations, of a specific type and size, to be structurally equivalent in many aspects. These may be because of many structural aspects, from the organisations suppliers, to a profession’s shared normative structure and policy, i.e., dentists, engineers and doctors. These factors, plus the analysis, and often assimilation, of other successful ‘same niche’ organisations and their structural attributes, help shape the structure of the
organisations contained in a specific niche or industrial sector and cause them to become isomorphic, (DiMaggio and Powel, 1983).

DiMaggio and Powell (1983) saw this homogenising being achieved through mimesis. This is a process that reflects top management’s desire to signal that a firm is at the cutting edge of its industry, (Tolbert and Zucker, 1983). Again, structurally, this type of change can have risky consequences as a result of substantial modifications to the organisations existing technological base, (Barley, 1990).

Fombrun (1986) supports the idea of communities and populations of organisations having an exchange relationship with society. Moreover, he believes that inside the organisation’s structure were strong convergent and contradictory forces that governed the dynamics of the organisation and its environment, (Gresov, 1989), pg446:

“Structuring is therefore interpreted as a resolution of forces favouring convergence with forces provoking contradiction that tends to propel episodic, punctuational, and metamorphic transformations in social relations within and between organisations.”

Population ecology theory is laid upon some fundamental assumptions that are tied to the survival chances of an organisation and its population. One of these assumptions is structural inertia, that is the premise that, “individual organisations are subject to strong inertial forces, that is, that they seldom succeeded in making radical changes in
strategy and structure in the face of environmental threats”, (Hannan and Freeman, 1984). This is because structural inertia has two separate dimensional components to it that ossify and disable organisations from fluid and transitory movement. These are as follow, (Walsh and Dewar, 1987):

- **Internal** – These include sunk costs in plant, equipment, and personnel, the dynamics of political coalitions, and the tendency for precedents to become normative standards.

- **External** – These are in the form of legal and other barriers to entry and exit from realms of activity. Exchange relations with other organisations constitute an investment that is not written off lightly. Finally, attempting radical structural change often threatens legitimacy; the loss of institutional support may be devastating.

Broekstra (1998) adds to the problem of change within structurally rigid organisational components with an insight from second-order cybernetics, “instructive intervention will fail because an essentially organisational closed system responds by compensating for the imposed disturbances in ways that are determined by its own structure, and that do not reflect the intentions of the inventor”, pg169.

For the large organisation at a time of structural failure radical change often has to be fundamental and ‘symmetry-breaking’ in its materialisation, it must change the ‘deep’ structure of the organisation, (Broekstra, 1998). Barker and Mone (1998) discuss the inertia problem, “organisational decline may increase organisational rigidity and
decrease the likelihood of innovative change, thereby lessening firms' abilities to enact strategic reorientations”.

Rigidity and centralisation is also found by Hambrick and D'Aveni (1992) in their research, the turnover of executives in decline and crisis situations meant that the organisation's power became centralised and structure further formalised, which occurred as the CEO had less executives and consequently more functional power. The over reliance on formalisation and standard operating procedures in decline also reduces the organisation's adaptive capability, (Fandt, 1991). The viscous circle of maladaptation, inertia, limited change and then back to maladaptation seems a cancer for organisations and explains why many organisations end up at the last phase of Sasser et al's (1978) organisational life cycle.

According to Hannan and Freeman (1984), structural inertia can be explained as an outcome of an ecological-evolutionary process. Further, these theorists hold that natural selection processes hold in favour, those organisations whose structures are difficult to change, (Walsh and Dewar, 1987). Inertia may inhibit structural change and this is compounded by the reality that radical change in organisations is a risky business for all, (Walsh and Dewar, 1987), pg227:

“Organisations undergoing structural transformation are highly vulnerable to environmental shocks. Large size presumably enhances the capacity to withstand such shocks. Small organisations have small margins of error because they cannot easily reduce the scope of their operations much in response to temporary setbacks.”
3.2.12 Structural configuration

Mintzberg (1998) also advances a configuration view and thought that the, “...parameters of organisational design should logically configure into internally consistent groupings. Like most phenomena – atoms, ants and stars – characteristics of organisations appear to fall into natural clusters, or configurations”, pg238.

Organisational typologies do not allow for the analysis of general environmental factors, just specific factors that affect a particular industrial niche. It places organisations into specific configurations and does not give the observer longitude for deviation from the ideal configuration. For example, if environmental turbulence was the issue the configurationists would not accept that the focal organisation to be effected to a lesser or greater degree than other organisations in a particular niche. In other words, there is one optimal configuration in each niche and all others are disregarded as ‘irrational’.

There is newer work into organisational structures, a developing craze in mainstream management literature\(^8\) over the past two decades, but this is of little use to the researcher. The problem with many of these ‘nouveau’ types, i.e., the doughnut organisation and the umbrella, is that the direct accountability and control that the archetypal hierarchy offers is hard to challenge in most circumstances. Contemporary structuring has been championed now by post-bureaucratic organisation writers such as, Heckscher and Donnellon (1994). Broekstra (1998) writes in response to this post-bureaucratic suggestion that, “Many companies are already on their way to replacing

\(^8\) Particularly in American mainstream management texts.
such structures by more entrepreneurial democratic network organisations; systems of loosely coupled autonomous units held together by a common value-based vision”, pg158. This reality the researcher believes is the exception to the rule because issues such as control and high operational complexity will be mirrored in the majority of large companies.

3.2.12.1 Shadow structures

The informal organisation includes structural positions and aspects that may not appear on the organisation’s formal chart, i.e., the trust network, the advise network, the communication ‘grapevine’ and ‘gossip’ collectives. These ‘shadow’ structures are innate to the organisation and often highly supportive, which lead to the understanding that due care should be taken in formal structural change. As Krackhardt and Hanson (1993) write, “too many companies fail to consider how restructuring will affect their informal organisations. Managers assume that if a company eliminates layers of bureaucracy, the informal organisation will simply adjust”, pg107.

3.2.13 A critique of rational adaptation

The contingency school all agreed that decentralisation was related to uncertainty, complexity and heterogeneity of inputs, which resulted in de-emphasis of formalisation, (Pennings, 1975). These general findings and other results have some criticism levelled at them due in the air of ambiguity that surrounds some of the
methodologies and their findings. The level of 'terminological inexactitude\textsuperscript{\textordfervent 9}', and variable abstraction that management theory has created, suggests that, "these varied uses appear to delineate a hierarchy of increasing abstraction or aggregation", (Barley, 1990). This is seen with varied definitions of key variables such as the environment, technology and centralisation in many studies. This is combined with the key variable definitions taken at different levels of the organisation, or their relevant industrial sectors, have used different definitional properties. (Pennings, 1975).

Many writers\textsuperscript{10} have included multiple context variables in their research, the analysis of which has not be realised because of the preferred testing of single-contingency models, (Gresov, 1989). Gresov (1989) discusses the view that there is residual misfit, or design deviation, as a subunit faces multiple contingencies and is effected more or less by these. Gresov (1989) argues that there may be a dominant-imperative\textsuperscript{11} in contingency studies that may show the validity of single-contingency models, (Gresov, 1989). Pennings (1975) discusses the ambiguity of these variables and the fact that numerous studies had reportedly showed very little agreement as to whether organisational environment and/or technology have structural correlates. Gresov (1989) also supports the view that, "results indicate that lower performance is often related to a lack of fit between unit context and design, although no research has addressed the question of why design misfits occur or under what conditions a lack of fit is likely", pg446.

\textsuperscript{9} Borrowed shamelessly from Winston Churchill.

\textsuperscript{10} (Thompson, 1967; Lawrence and Lorsch, 1967; Tushman and Nadler, 1978; Tushman, 1979; Galbraith, 1973)

\textsuperscript{11} For example, dependency, units could design their structures to the dominant contingency and improve efficiency.
Technology by its inherent nature is dynamic and prone to change, which makes it a difficult variable to study over a long period of time. Mohr found that the concepts of technology and structure are multifaceted multidimensional constructs that could not be simply commonly attributed to one another, (Mohr, 1971). Various researchers have relied on further abstractions to classify important components of the organisation, such as technology, with further abstractions such as complexity and analysability, (Barley, 1990). The example Barley (1990) gives the reader, of the deleterious effects of being so subjectively removed from the reality of the researched situation, is discussed in the following, “although nuclear power plants and laser surgery may both be described as complex technologies, the nature of their complexity differs, as do the skills, risks, and forms of social organisation associated with their use”, pg63.

There have also been very few longitudinal studies done into organisational structure, either to look at the key variables, or their effects on organisations. Pennings (1975) also adds, “that there has not been many studies that try to show that the structural-contingency model is useful for explaining why organisations differ in their effectiveness”, (Pennings, 1975), pg394. This outlines some of the problems when generalising about the organisation’s structural reality from composite studies and spurious variable relationships.

Porter and Lawler (1965) acknowledge with the problem of composite variables being used at different levels in the organisational research. James and Jones (1976) discuss Porter and Lawler’s work and the fact that they, “reported size variables at one organisational level may not generalise to another level, in fact, the interactions of the
different size measures may be of more importance”, pg77. James and Jones (1976) go on to further discuss Porter and Lawler's (1965) work and the possibility of hybrid and multiple structuring intra-organisation, “the concept that there might be many structures within one organisation and that individual attitudes and behaviours cannot be explained on the basis of only one level of structure (or structural dimension) has been discussed”, (James and Jones, 1976), pg78.

3.2.14 Complexity is inherent

Ouchi and Maguire (1975) found in their research that complexity and interdependence varied on a level-to-level basis in the organisation, “interdependence and task complexity increase steadily with increased level of hierarchy. The percentage of time spent on routine tasks decreases with increased hierarchical position”, pg563. Katz and Kahn (1966) also believe in the different managerial behaviour of the different levels and suggested that structural complexity was differentiated by level.

The acceptance of multiple structural requirements and the pragmatism to circumvent many of these emphasised problems adds to the possibility of hybrid or duality modelling inside organisations, which creates a paradox that is discussed by Adler and Borys (1996) in the following, pg75:

“...Mixed situations create an organisational design dilemma because the routine parts cannot be managed in a mechanistic, coercive, and bureaucratic way at the same time and for the same
employees as the non-routine parts are managed in an organic and empowering way.”

Duncan (1973) did not find this a paradox and concluded that some units used a mechanistic structure for routine decisions and switched to an organic structure when decisions were non-routine. McDonough and Leifer (1983) support this view and suggest that it seems ‘unlikely’ that a singular structure could be capable of handling the complex causal factor of the environment simultaneously. McDonough and Leifer (1983) imply that the same unit may face multiple sub-environments each with different demands. They further postulate that the same unit will use multiple structural types to internally process tasks and perform effectively, (McDonough and Leifer, 1983). These micro-structural changes result in better environmental ‘fit’ and greater chances of success. The results supported their belief that a single and relatively fixed unit structure was inaccurate.

Organisational structural complexity is concentrated when taken with some of the every day paradoxes of organisational life. Heydebrand (1977) discusses the fact that in observation efficiency drives and related policy resulted in specialisation, which comes in direct opposition to the organisations control structure. This moves away from Parson’s (1960) original ideas of convergence and an organisation in ‘homeostatic equilibrium’, (Parsons, 1960).

The understanding of the organisation has made incremental progressive theoretical moves throughout the periods of ideological discovery. Cameron (1986) believes this and holds that, pg553:
"Organisational theory has advanced, for example, as a result from borrowing the open system metaphor from biology, the social contract metaphor from political science, the transaction cost metaphor from economics, and the force field metaphor from engineering. Each time a new metaphor is used, certain aspects of organisational phenomena are uncovered that were not evident with other metaphors."

In support of hybrid modelling and structural duality Cameron’s (1986) work helped point out a number of theoretical paradoxes that organisation theory has been unable to answer fully that seem to exist in hybrid organisations (Cameron, 1986). In application to structure these where, (Cameron, 1986):

- **Loose coupling** – which encourages wide search, initiation of innovation, and functional autonomy – as well as **tight coupling** – which encourages quick execution, implementing innovation, and functional reciprocity.

- **High specialisation of roles** – which reinforces expertise and efficiency – as well as **generality of roles** – which reinforces flexibility and interdependency.

- **Expanded search in decision-making** – which allows for wider environmental scanning, access to more information, and divergence of input – as well as the creation of **inhibitors of information overload** – which reduce and buffer the amount of information reaching decision makers and lead to convergence in decision making.
• Disengagement and disidentification with past strategies – which fosters new perspectives and innovation and inhibits defining new problems simply as old problems – as well as reintegration and reinforcement of roots – which fosters commitment to a special sense of organisational identity and mission and past strategies.

Cameron (1986) believes that the acknowledgement of this divergent situation was important and that the ‘tensions’ it causes stop the organisation from being dysfunctional and displaying ‘schismogenesis’, (Cameron, 1986). Cameron (1986) defines schismogenesis as a, “process of self-reinforcement where one action or attribute in the organisation perpetuates itself until it becomes extreme and therefore dysfunctional”, (Cameron, 1986), pg554. The understanding and acceptance of simultaneously occurring contradictory opposites existing in all organisations was the key to ‘Janusian thinking’ and overall effectiveness. The existence and acceptance of contradictory elements in the organisation such as loose and tight coupling does not cause erroneous outcomes and can be seen in a lot of effective organisations, (Cameron, 1986). The synthesis of this duality and other dialectics is not necessary for success.

The researcher views the organisation in a positivist light and believes that organisational factors can be measured directly by empirical methods. Knowledge can be obtained by research conducted in through a nomothetic method or by measuring organisations using general theoretical frameworks that apply to all focal organisations and the relevant measurable variables. The researcher can use material

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12 Called after the Roman god Janus who is pictured as having at least two faces.
factors to measure the organisational structure and not ideational factors such as ideologies and norms. The researcher believes that organisational structure is deterministic and that the organisation has to adapt rationally to the contingent factors that affect it for success.

### 3.3 Strategy and structure

The fundamental manner in which strategy and structure pertain to each other within the organisation seems to have been complicated or misunderstood by most strategy theorists. This oversight has been compounded by authors who have looked for solutions in ideal strategic types or strategic configurations in relation to a structural counterpart, i.e., (Mintzberg, 1987; Miles and Snow, 1978; Ansoff, 1965; Porter, 1985). The strategic structural type has not answered how certain strategies would fit into different organisational structures (i.e., how would a distribution organisation with an organic structure give rise to differentiation through cost leadership) and what structural elements are necessary for success within different types of strategy.

Understanding the nature of strategy in regard to structure is primary to accurate analysis of organisational performance. The contingent nature of strategy was understood by Chandler (1966) who said that ‘structure follows strategy’, (Chandler, 1962). This was shown by Blau (1970) in his observation that crises usually lead to a ‘mechanistic shift’ in structure after a crisis strategy, (Barker and Mone, 1998). This was due to perceived control needs by management in terms of the organisations’ decisions at crisis times, (Barker and Mone, 1998).
Furthermore, configuration theories believe that organisations have strategic recipes that are ideal for their structural type. This occurs by organising the common reoccurring elements of organisational structure into ideal strategic types and from this basis the necessitated environment is juxtaposed upon them. However, this tries to answer the fundamental nature of structure and its relationship with strategy in an orthogonal manner whilst not clarifying ‘actual’ structure or its pervasiveness upon all organisational aspects, including strategy. In trying to bridge the strategy-structure gap configuration theory does not allow for any other organisational reality other than the ‘ideal’ materialisation of the configuration within a given situation. Moreover, it discounts the many factors that organisations have to encounter that dynamically affect their structural form over time. This is summarised by Jones (1998) in the following “[strategy]... does not have an ‘essence’ either in content or method, which is applicable for all time and circumstances”, (Jones, 1998), pg410. The configuration view does not pursue the fundamental variables that ultimately decide organisational structure and strategy, such as: formalisation, complexity and centralisation.

This synthetic view of the relationship has been concentrated by theory production and research based on a plethora of non-uniform dimensions used to measure the relationship between strategy and structural performance. The lack of reliability and validity in these methodologies exacerbates the problems of spuriousness among measurement variables and theoretical sense making. Jauch, Osborn and Glueck (1980) added that the time scale for measurement of strategic outcomes might also cause misrepresentation of variable relationships, as structural adjustment and performance improvement may only be identifiable after longer time periods, (Jauch et al. 1980).
Other theorists have tried to explain the strategy-structure relationship in terms of subjective pressure from other institutional bodies within the environment influencing the organisation's environmental relationships. DiMaggio and Powell (1983) in their research, into institutional analysis and isomorphic tendency, delineate the many ways in which social bodies within industry and wider society can define structural legitimacy, strategy and required normative behaviour, within their sphere of relevance. The weight that institutional bodies have within a profession and society have the effect of prescribing and engendering the behaviours, strategies and structural definitions among members that are deemed to be contributory to success within that grouping, i.e., the occupational culture of architects or doctors. These institutional bodies identified within society often have the position of being able to exercise great influence over the goals and intentions of member organisations and incumbents, i.e., the BMC and GP's in the UK. The dependency relationship of members with these organisations creates a fabric of social reciprocity and acts as a binding element within professions and industrial sectors. Fundamentally, this still pertains to environmental adaptation, even if this consists of rationalisation and adaptation to the processes of influence of professional bodies within the organisation's given industrial environment.

In helping to allow environmental subjectivity Neergaard (1992) bridges the gap between objective positivist contingency theory and the subjective contextual relativism of actor-orientated theories in the development of the 'partial contingency model'. The partial contingency model recognises that the environment has some impact on the choice of structure and the control systems the organisation adopts,
(Neergaard, 1992). After any change has occurred in regard to environmental or market subjectivity and the positioning of the organisation finalised, the same factors that contingency applies to all organisations are once again applied to the focal organisation, environmental ‘fit’ must be regained. This highlights the cyclic nature of perceived structural or strategic choice and structural environmental alignment.

The understanding of the confused relationship between the environment, strategy and structure needs to far more subtle and pragmatic in premise. Chandler’s (1962), “structure follows strategy” is a narrative of the perceived cause and effect relationship of these two variables. However, in the researcher’s opinion strategy is dictated by environmental contingency and in this respect exists in a similar manner to structure, under the sword of environmental uncertainty. For this reason alone, disregarding the analysis of which came first, you can postulate that strategy and structure are inseparable as binary variables. The misalignment of either in regard to the environment causes organisational failure. Furthermore, The organisation’s structure delivers as much information on strategy as strategy does in regard to structure. The ambivalence of the relationship between these two variables can be seen in the basic analysis of the organisation’s fundamental structural variable formalisation.

In larger organisations that exhibit a higher degree of formalisation the observer would expect to witness a rationalisation of the organisations internal processes in regard to the organisation’s operating environment. Formalisation as necessary technology of control enables organisations to leverage control over incumbents in situations where direct monitoring and appraisal is impossible. Structurally formalisation may be demonstrated by the existence of departments and specific
functional positions. Structural departmentalisation is a natural product of formalisation that occurs through the organisational subdivision and subsequent functional elaboration of the organisation's structure.

Consequently, as departmentalisation occurs so does the legitimisation of incumbent positions, which is an important structural tool for the organisation. Moreover, in making a structural abstract of key structural positions it assures that the position cannot be tied down to a personality or individual, remaining only relevant to the institution. For the incumbents in functional positions within departments the organisation will control work through systems of rules, policies and procedures governing an incumbent's working life. An example of this can be found in a basic job remit outlining the parameters of an incumbent's expected duties within their department, team or group and the organisation.

Furthermore, the organisation will have specified channels for use when communicating and articulating organisational goals and objectives. These basic formalised systems will be supported by a budgetary infrastructure to ensure their continued utilisation and maintenance. The budget will be dictated by the necessity of accurate financial projection of system costs and organisation objectives in relation to environmental uncertainty. Moreover, the formalised organisation will have specific functional roles and processes for monitoring the environment and predicting opportunities and threats.

The functional roles involved in the strategic planning process will meet periodically, working with roles involved in operational planning and resource and expenditure
control, in the analysis of a contingency and consequences. This strategic information is analysed at the top of the organisation whilst incumbents further down the organisation filter up additional operational and contingent information. At this stage in the process there exists the potential for a synchronised rational plan and pertaining policy detailing the organisation’s goals and objectives in response to specific identified environmental contingent issues. On approval by stakeholders of the organisation the plan becomes legitimised within the organisation and deployed through legitimate communication channels to all of the relevant organisational members in the form of organisational strategy.

The collection, synchronisation and collation of multiple information channels and data in a coherent and contextually validated manner, whilst being supported by planned infrastructure that is deemed valid and reliable, will not occur in any structural context other than a formalised structure. The necessary factors of valid strategic planning, due to the structural nature of formalisation, do not exist in an organisation that does not display a high degree of formalisation. It is on this premise that one can postulate that the most important variable to understand in the identification of the relationship between strategy and structure is that of formality. The efficiency in resource deployment and task completion that formality brings to an organisation creates a situation where strategic planning and survival are possible compared to that of the inefficiencies of informal organisation. Furthermore, without the existence of some degree formality in an organisation it is questionable to classify it as an organisation at all. In extrapolation of the above one could posit that in larger organisations that display a higher degree of formality one would expect to see
enhanced strategy in relation to those organisation that have a lower degree of formality.

3.4 Conclusion

From the above arguments the study uses the following interpretation of the strategy and structure relationship as a guide towards an appropriate methodology. In prognosis, given that the ability of strategy and structure, to counter environmental uncertainty, is essential to ensure the survival of the organisation then the terms of this understanding has to be taken to a higher level and can be summarised by the following functional bridge. The organisation is comprised of a number of individuals who are brought together under the umbrella of a common purpose to achieve a set of predefined objectives and goals. These very specific organisational objectives are loosely identified in the more generic and preceding process of organisational strategy formulation – giving the place some direction!

The origins of current strategy lies with that defined by the organisational founders and chief incumbents, which later becomes the glue that binds the organisation, being as Chandler (1962) rightly identifies the cause and creator of organisational structure in strategy. The eventual structure that becomes manifest from this process is crystallised and given legitimacy through the existence and use of formality within the organisation. Furthermore, formalisation provides the detail, legitimacy and rigidity in the organisation’s structure, which ensures that the organisation’s strategy is followed in relation to original intention and is accurately utilised in combating environmental uncertainty.
To meet the strategic formulators' objectives in a valid and reliable manner requires the accurate profiling of these requirements, by structure, through organisational formality. If this goal is not obtained then original strategy, through transmutation across the conceptual interfaces within the organisation; definition, articulation, decoding and structural delineation, will occur in a convoluted and unintended manner. Moreover, this situation will not afford the organisation the ability to show a proactive dynamic towards its relationship with the greater environment, this being demonstrated by organisational behaviour that is syncopated to the contemporary requirements of the environment.

The phenomenon of strategy is by its inherent nature one that can only be detailed and understood after the fact and is always subjective until the causal event has passed. Only in history and rhetoric can the observer and formulator accurately record and predefine cause and effect. This was understood by Chandler (1962) when he intelligently chose a historical approach and perspective for his theoretical work on strategy.

Knowing this reality adds support to the supposition given, that strategy dictates and delineates structure, which in itself is made tangible by organisation formality. The utility of this working thesis allows the organisation the ability to tackle environmental uncertainty in a rational and adaptive manner and, furthermore, allows the organisation to demonstrate governance and auditing, in retrospect, throughout the strategic process.
However, to delineate the actuality from the reality is a task that requires ‘cause and effect’ to be understood at a lower order level, being detailed within the organisation by human behaviour. The resultant resolution level that finds itself utilised for this understanding and makes strategy tangible, in regard to its handling of the environment, is the study of human behaviour. Furthermore, for there to be a situation where the organisation shows a degree of rational adaptation towards the environment the degree to which strategy and structure is properly aligned with the behaviour of the incumbents in the organisation becomes all important.

The most logical way of monitoring this theoretical interface is through the analysis of managerial behaviour, as strategy and structural dynamics terminate in human behaviour of some kind within the organisation. In the analysis of the ideas of strategy and structure taken from the preceding augments, the following understanding presents itself. The definition and structural articulation of strategy varies with the degree of formality within the organisation. Formality as a variant dictates the role and remit of the employee, including task their environment and organisational resource access. These factors alone impinge heavily on the incumbents' organisational reality. The degree to which these factors are aligned or misaligned, with the requirements of the environment, as governed by strategy, will either enable or disable the incumbents' ability to perform within the organisation. The resultant performance will be delineated by human behaviour in the work setting.

Furthermore, the medium that offers the greatest detail in regards to this relationship is communication behaviour as ‘to do’, which in essence is the precept of all organisations, requires communication of some form. The articulation of the process
through communication is the lens that allows the observer the ability to understand and analyse decision making within the organisation while detailing the use of resources to support the process. The analysis of this process informs the observer of the nature of the strategy-structure relationship contained within the organisation.

However, the ability 'to do' in the workplace is not only predicated by strategy and structure, as its potency is just not strong enough. There is an intervening variable that arises, that of human capital. Human capital is a major assisting dynamic in the organisations' reality. Its existence and level is dependent upon the process of incumbent recruitment or the rational processes of selection and training. Human capital is a critical factor of all organisations and ultimately has a causal effect on the degree to which the organisation is able to adapt to its environment.

In situations where there is a misalignment of strategy and structure the organisation still performs to a certain degree. This degree of performance, in less than ideal circumstances, is not only dependent upon the relationship between strategy and structure but is also presupposed, to a degree, by human capital within the organisation. In essence in many cases the level of human capital of the incumbents within the organisation can help to bridge the gap between the misalignment of strategy and structure.

Human capital, as a 'fail-safe', within the organisation can be further enabled or disabled by the role given to the incumbent. Incumbent role, and its understanding, in turn can be seen as an intervening factor in the portrayal of truth about the
relationship between the organisations strategy and structure and its greater environment. To analyse these facets of human behaviour, in detail, requires the utility lent by communication behaviour to this study, which will be discussed in Chapter Four.

The objective of this chapter was to outline and explore the fundamental processes of the organisation, through the analysis of the strategic and structural nature of organisational processes in regard to the environment. To accomplish this objective a review of relevant organisational discourse was undertaken to delineate the key theoretical arguments pertaining to the strategy-structure relationship and its subsequent understanding. The chapter then continued to fashion this theoretical development by the identification and analysis of organisational formalisation. Furthermore, the chapter then progressed to analyse this relationship with regard to the environment and objectified the dynamics of it through detailing the importance of the study of human behaviour.

In the next chapter human behaviour becomes intrinsic to the continued objectification of the strategy-structure relationship, as observed through the process of organisational communication. Furthermore, in the next chapter the importance of the organisation’s communication processes are analysed and situated in context as the key variable to the analysis of the strategy-structure and environment relationship.
3.5 Reference List


CHAPTER FOUR
COMMUNICATION AND STRUCTURE
4.0 Chapter Four – Communication and Structure

‘Ignorantia juris neminem excusat’

This chapter will discuss the process of communication within the organisation and its relationship with structure and organisational processes. The process of communication, and the information it transports, within society is the foundation for its assumptive culture, the symbolic interaction of its participants, and the sum extension of its aspirations and goals. Many theorists support this; including Duncan (1973) who argues that communication is the fundamental variable that structures society or, “viewing a social system as a set of elements linked almost entirely by way of the intercommunication of information”, pg275.

This critical process is assimilated inside the organisation and functions to serve the same role within the society of the organisation. It is communication within the organisation that binds it together and pushes it towards its goals. Beyond its phatic elements the gravity of communication as a fundamental key to organisational success is understood in the knowledge that “organisational failure, more often than not, can be explained by a breakdown in communication,” (Stamper, 1973) p25. Luthans and Larsen (1986) add weight to the argument, that communication is a fundamental organisational activity, “communication is almost universally accepted as the most frequent managerial activity found in today’s organizations”, pg174.
Strategy pertains to the allocation of key resources within the organisation for its fulfilment. However, it is the communication of this strategy that actually ensures and enables the result. Communication acts as a broker between desire and outcome within the organisation. Communication is a multidimensional phenomenon that can be analysed by the identification and observation of attributing variables, such as: frequency, mode, density, formality, openness, content, context and directionality, (Jacobson and Seashore, 1951; Tushman and Nadler, 1978).

In viewing communication within the organisation the observer must first note that the organisation is viewed as a homeostatic open system (as explained in chapter two) continually interfacing with and being influenced by contingent factors occurring in the external environment. With a higher resolution one can view the organisation holistically, containing a number of internal interacting systems that are key to its efficient functioning. Viewing the organisation in this manner conceptualises the organisation as a “system of interrelated components, and stresses the orchestration of these parts as the key to maximizing performance”, (Rogers and Agarwala-Rogers, 1976), pg24. The interactions of these systems, which are the lifeblood of the organisation, are controlled through processes of communication between relative structures and incumbents. This fundamental element of the organisation is defined by, and defines, structure over the passage of the organisations’ life. The degree, to which communicated information can flow accurately to the necessary parts of the organisation, and in the necessary format, will dictate its success and length of existence.
The objective structural understanding of the organisation will give the observer an outline of the organisation, its reporting relationships and the legitimate formal communication processes, but will not demonstrate the totality, or the effectiveness, of the communication process. Such a representation will not portray informal communication processes or the channels they use. To understand the complete communication structure of the organisation and related communication behaviour the researcher has to investigate its intangible aspects, such as culture, its normative structure and social dynamics, as well as the tangible elements delineated on the organisation chart. Through the intervention and understanding of an organisation's communication the observer can behold the organisation's constraints, vision, objectives, goals and strategy.

Communication is a critical factor in the research and investigation of the organisation and its inherent processes. It is from this point that the researcher will lead a discussion into organisational communication, communication behaviour, and its choice as the main investigative variable for the observation of the interrelationship of strategy and structure within the organisation.

4.1 Organisational uncertainty and interaction with the environment

The environment necessitates a relationship with the organisation because the organisation requires interaction with the environment for inputs in terms of; customers, support and materials, whilst also requiring it for outputs, such as products and services. Weick (1969) hypothesised that organisations are structurally designed
to help reduce equivocality from the environment. Equivocality is a situation where a clear signal has been received but the underline message is ambiguous, (Allen and Griffeth, 1997). An organisation’s environment is one that can contain a great deal of uncertainty. Uncertainty is defined by Rogers & Agarwala-Rogers (1976) as, “the number of alternatives with respect to the occurrence of an event, together with the relative probabilities of these alternatives”, pg64. To minimise the degree of uncertainty within a given environment the organisation conducts environmental analysis in an attempt to discover pertinent and useful information. Galbraith (1973) adds to this by proposing that as the level of uncertainty rises for the information manager so should the amount of information processed to subjugate and reduce the residual ambiguity. Information finds utility in changing the probability that an uncertain alternative will occur in a given situation. Galbraith (1973) also believes that by analysing points of high uncertainty, within the organisation’s relationship with the environment, a structure can be designed that allows effective information exchange and ameliorate the perturbation of the organisation’s interplay with the environment.

In relation to information is the knowledge that ambiguity can occur as the recipient attempts to attain the truth within the message. Knowledge of the inherent nature of information and its use in combating environmental uncertainty gives rise to the understanding, that certain and stable environments place a less exhaustive set of demands upon the organisation and its communication. This situation allows for the engendering of factors, such as the centralisation of control, expertise and authority. Centralisation plays a part in its relation to communication demands as Hage et al. (1971) found, in their study, that in decentralised, informal, less complex
organisations communication was greater than in formal, centralised organisations. However, most organisations in the modern age face dynamic turbulent environments.

Organisations that face uncertain environments have greater communication requirements and communicate more frequently, (Huber et al. 1975; Tushman and Nadler, 1978). Perrow (1970) also adds task complexity as a variable that has a direct correlation with communication intensity. This increase of communication intensity has also been found to be the case in situations of poor organisational performance, (Smith et al. 1994; Hannan and Freeman, 1984). In the modern organisation people face the problem of analysing and abrogating contingent environmental events and problems for the successful completion of organisational tasks in situations of complex subjectivity. This is demonstrated by the task demands of an uncertain environment, as written about by Tushman (1979) in the following, “the more nonroutine the task, the greater the rate of change in the task environment, and the greater the task interdependence, the greater the [subunit’s] uncertainty reflected in increased problem-solving requirements and complexity of coordination”, pg83. This unfortunate situation is further compounded by the understanding that the organisation’s communication structure, which processes and transmits this information, is not only the most important component of the organisation it is also the most vulnerable, Conrad (1990). Organisations try to buffer these critical components in attempt to limit the inimical attributes of their operating environments, (Perrow, 1993; Thompson, 1967). The use of boundary spanners, as a communication agent sitting juxtaposed between the organisation and the environment, is one such instrument in the armoury of the organisation.
The organisation and its subsystems interact with the environment in manner, which processes contingent external information through the organisation by sequential or parallel processing within the subsystems, to inform and maintain the organisation. This can be seen in figure 4.1, adapted from (Rogers and Agarwala-Rogers, 1976), pg52:

Figure 4.1: An example of the organisation as a system

Figure 4.1 demonstrates the communicative interaction the organisation has with environment, and within itself, as it takes environmental stimuli and processes it throughout the organisation and back out into the environment in the form of strategy.

Internally, each subsystem within the organisation; i.e., marketing, finance, HR etc. etc. has its own goals and objectives but is interdependent with its relationship to other parts of the organisation, (Pennings, 1975). The effectiveness and control of
these critical subsystems, that in composite produce the organisation, depends on the integrity of the communication process. Stamper (1973) explains the necessity of formal information systems within organisations, "Formal systems may have to be imposed upon the natural use of language, to preserve the uniformity of action and standardisation of meaning essential for coordinating parts of the task performed in widely separated times and places", pg8. Environmental analysis and decoding is carried out within an organisation's formal information system. A communication role, such as the aforementioned 'boundary spanner' helps to protect and insulate the organisation from potentially damaging outside influences by acting as a buffer between the environment and the organisation, decoding and transmitting, screened and relevant, information, i.e., a call centre, PR. The information is encoded at source and on entry to the organisation is then decoded to render it relevant within the organisation. If further passage is required the information may be recoded again and sent onward to be decoded upon arrival. The following figure 4.2 demonstrates the basic of a communication system, adapted from (Shannon and Weaver, 1949).

**Figure 4.2: Communication system model.**

Figure 4.2 highlights the nature of noise and causes of dysfunction in a basic communication system and the points in the system where noise and the error it can
cause in the message of the information can interplay. Noise can be caused by the system itself (i.e., static on radio) or by not understanding the message, its meaning and context i.e., semantic noise, at the coding or decoding stages. Internal error, omission and distortion are an inherent factor within any communication system and require the use of methods to minimise their harmful effects on the outcome of the communication process.

4.2 Communication inside the organisation

Chester Barnard (1937) said that, "in any exhaustive theory of organisations communication would occupy a central place, because the structure, extensiveness, and scope of organisations are almost entirely determined by communication techniques", pg21. Communication within the organisation is desired to combat a central paradox as described by Conrad (1990), "organizations must fulfil needs for coordination and control, while allowing their employees to fulfil their needs for stability/predictability, autonomy, and creativity". These needs are inconsistent, which causes the organisation to be involved in continual negotiation to find ways to solve the paradox, "negotiation occurs through organizational communication; but because no permanent solution to the paradox is possible, the need for effective communication always is present", pg94. Control over production processes and the need to manage disparate individuals, location removed groups, the division of work whilst allocating major resources is at the heart of the need for effective communication systems. The importance of these systems, such as control and coordination mechanisms cannot be overstated. They are made tangible only by the
communication structure within the organisation and are fundamental for the implementation of organisational strategy, (Martinez and Jarillo, 1989).

Inside the organisation uncertainty and environmental information are countered and operationalised by the organisation’s structure. The organisation’s communication system and information inputs aim to provide organisational equifinality, in the effective outcome of any processes. Although structure, particularly the organisational chart, is a useful tool in the understanding of the internal communication systems of the organisation it does not capture all aspects of human interaction. However, formal structure does describe the organisation and delineates important aspects, such as lines of authority and autonomy, reporting relationships, formal rules, job remits, policy, procedure, remuneration and formal communication channels. The alignment of these formal systems is critical for the survival of organisation.

For example, the organisation’s hierarchy provides a supporting structure that ensures that a relevant positional subordinate will carry out an order given within the organisation. It is also particularly effective where there is bilateral dependency in organisational relationships, which includes a majority of organisations, (Williamson, 1991). Hierarchy also has the habit of channelling the majority of communication vertically and in a specific directional manner. Structure allows controlled communication to take place within the organisation but can also provide many constraints. In particular, the bureaucratic model of organisations was designed to enable controlled and effective formal communication processes to exist.
However, the bureaucratic model has been blamed for dysfunctional communication, employee dissonance and inhibited communication, (Adler and Borys, 1996; Bacharach and Aiken, 1977). This is ironic as the bureaucracy is the most predominant organisational form in western society and Max Weber’s (1949) vision was that the bureaucracy would be able to overcome the traditional problems inefficiency and the unjust, arbitrary and capricious treatment of employees by managerial fiat. This highlights the nature of structure in communication theory and places it as the key organisational variable for effective communication.

Formal structure has a twin in the informal structure of the organisation. The informal structure represents an important element of organisational communication, and together with the formal structure comprises the sum social system of the organisation. The informal communication structure, or network, is inevitable, as it exists to meet the incumbents’ social and additional communication needs, (Conrad, 1990). This often results in many overlapping parts and significant structural complexity.

Inside the organisation an informal network may be operationalised as a series of stable person-to-person relationship through which organisational information flows, (Monge et al. 1978). This gives the possibility of many different networks, configurations, relationships and differentiated structures that are theoretically possible in an average organisation.

The informal network is emergent and given genesis by its users, through the regularisation of certain communication patterns. This is dissimilar to the formal
structure and rather than being placed upon them by the organisation it is wholly emergent, intangible and given dynamism by the present. Informal structure includes informal working arrangements, rumour networks, trust networks and the grapevine, existing only as long as they are used. The two structures, and related communication systems, co-exist within the organisation and often inhabit the same space. The interrelationship of these two systems is often complementary to the organisation, (Rogers and Agarwala-Rogers, 1976).

This is demonstrated by Duncan (1973) who found supportive elements in the incumbent use of the informal network for combating organisational uncertainty, as stated in the following, “when individuals are faced with uncertainty in their decision environment, and strategies dealing with this uncertainty are not clearly covered by pre-established rules and procedures, greater reliance must be made on the informal network or relationships”, pg278. Johnson (1990) adds, with the knowledge that informal interpersonal communication channels carry greater amounts of information, which is richer in its ability to reduce uncertainty in complex situations.

The rumour network within the organisation operates by transmitting unconfirmed messages through interpersonal communication channels. This informal communication system is motivated by the self-interest of the incumbents that form its channels. As a result of this ‘interest-situation’ rumours tend to be transported through a network rapidly via well-established paths, (Caplow, 1947). The organisation has little, if any, control of the content of the message and it is often without verification. A rumour can spread very quickly, via the grapevine, throughout the organisation. The reason for this expediency is that it does not follow official
channels for its transmission, (Rogers and Agarwala-Rogers, 1976). Rumours nearly always tend to be oral which allows them to jump channels, propagate and dissipate very easily. However, research has shown that rumours tend to be based on reasonably accurate fact, although they can become distorted, (Stamper, 1973). For the individual that is politically motivated and erudite this network can prove a powerful weapon in the accomplishment of self-interest.

Within the informal communication system there are a number of recognisable roles that exist. One of these roles is that of the ‘Liaison’, who interconnects two or more cliques or groups within a system. The role of the liaison was identified by Jacobson and Seashore (1951) as a person who functions, “between groups, and characteristically have many, frequent, reciprocated, and important contacts which cut across the contact group structure”. The other established informal role is that of the ‘gatekeeper’, who acts as an informal filter, controlling message transmission through a certain communication channel. An example of these two roles are portrayed in figure 4.3, adapted from, (Rogers and Agarwala-Rogers, 1976), pg133.

Figure 4.3: Informal communication roles
Some incumbents within the organisation seem to act as apposite ‘magnetic centers’ for particular communication types in terms of intensity and flow, (Walton, 1963). These people would act as central points for certain communication type, for example; authority, power, social factors or expertise.

Close physical proximity has a major affect on the probability of regular communication, as does its polar opposite isolation, (Hansen, 1999). Allen (1966) found, in his research in laboratories, that, “two people who are on the same floor, if separated by more than 25 yards, will rarely have any significant communication”, p95. The physical arrangement of space, and the collocation of humans within it, will profoundly affect communication behaviour. The ‘semantic-information distance’ or the gap in understanding that exists between communication parties has an immediate effect on the type and frequency of communication, (Tompkins, 1962). Superiors often assume that subordinates share the same understanding as they do when communicating. Minter (1969), in his doctoral work, found that such differences occur in managerial communication in over 60% of cases.

The other extreme to high human concentration within a space is isolation and existence of isolates in the communication structure. This can occur for a number of reasons, from the fundamentals of their work and task assignment to the nature of their personality. This may not always exist as a dysfunctional situation inside the organisation as the isolation and limited ties may serve a purpose, i.e., investigative research work. However, a situation contrary to this may occur when there is useful knowledge contained within a network that is isolated from the knowledge acquirer. This may be due to isolation or the ‘tie-strength’ of the incumbents. Uzzi (1997) In his
study of the communication relationships within competitive sectors; found that, “information exchange in embedded relationships was more proprietary and tacit than the price and quantity data that were traded at arm’s-length ties”.

This presents an interesting problem for the organisation, as ‘strong tie-strength’ allow labour saving coordination and problem-solving routines to be utilised, but has the by product of information redundancy and probable ‘group think’, where as ‘weak tie-strength’ relationships tend to present new sources of information and innovation, but are harder to consensually validate, transform and acquire, (Hansen, 1999). This is a particular problem for knowledge sharing in MNC’s and multi-unit organisations, where functional division, physical geography, anonymity, and alternate command structures present barriers to knowledge sharing. Egelhoff (1982) disagrees with this and argues that these types of organisations offer better diffusion and exchange of information, “the functional division structure...provides a high level of tactical information capacity”, pg442. However, this does not enlighten the researcher in explaining whether the raw information processing capacity that these structures give enlist an advantage over the ability to acquire new knowledge and information, as found in ‘weak-tie’ relationships, with relative ease from dislocated parts within the organisation.

All communication carries information in some form or manner within this all forms of information have an inherent level of richness imbedded within it. Communication that is high in information richness includes communication that can convey a wide range of ideas, and is unrestricted to language, such as face-to-face communication. This may explain why two thirds of managers’ communication is verbal, (Mintzberg,
1975). The converse to this is information that is narrow in the range of ideas it conveys and is low richness, such as numerical data and formatted documents, (Daft and Lengel, 1984). Information that is low in richness may be inherent in leaner forms of organisational media and can cause the organisational recipient to have feelings of depersonalisation and a sense of alienation, (Strauss and McGrath, 1994). There is the possibility that information that is low in richness, i.e., a situation of strong cultural control or ‘normative constraint’, and ‘lexical impoverishment’ often leads to ‘group-think’, action determinism and strategic recipe production, (Cossette, 1998; Dutton, 1993; Spender, 1989).

4.3 Specific organisational factors and communication

There are a number of organisational and situational dynamics that have a contingent effect on the communication processes within the organisation. Furthermore, most of these important factors pertain to the structural attributes found within the organisation. Primary factors, such as organisations size will have a dramatic effect on communication and the factors required to control it.

Increasing organisational size has a natural predisposition towards elaboration of processes and complication of resource allocation, control and communication, (Monge et al. 1978; Leatt and Schneck, 1982). Baker (1948) remarks upon this factor in the following, “consider size one of the great handicaps to effective communication”, “the larger the organization, the greater the problem in insuring that [verbal] communication be accurate and undistorted”, pg453. The administrative components of the organisation grow in relation to the organisation as the internal
communication systems of the organisation become more elaborate, (Bacharach and Aiken, 1977). Guetzkow (1965) comments upon this structural elaboration and its overall affect on organisational behaviour in the following, p539:

"...the multiplicity of its [communication] sources and destinations, whether messages are relayed serially or simultaneously, and whether the communication contents are in transitory or storable form – interact in important ways with qualities of the organization itself, such as its size, its differentiated structure, and its ability to handle decisions in a coordinated manner".

Simon et al. (1950) believe that, “the maximum size of an effective [organisational] unit is limited by the ability of that unit to solve its problems of internal communication”, pg131. Guetzkow (1965) adds, “when an organization provides multiple end-points for the reception of communication, the variation in interpretation of a given message is greater”, pg550.

Simpson (1959) believes that the critical variable in mediating the amount and flow of vertical and horizontal communication was the degree of ‘mechanization’ in the work. Technology is a major cause of variation and salient ‘mechanization’ and not only creates solutions but also serious structural and communication challenges for the designers of organisations, (Woodward, 1965). Understanding technology and related interdependency is central to the effective organisation, (Thompson, 1967). Technology creates different communication needs with varied information inputs and outputs, i.e., codification and jargon, which in turn creates interrelated task structures that also vary in relation to the technology, (Konrad and Wright-Brown, 1993).
Moreover, this variation combined with the natural interdependency that is inherent in a series of tasks that make up a composite service or a manufactured product creates complex demands for the organisation's communication structure. The organisation's communication structure is created through adaptation to contingency, which also shapes the task environment. Furthermore, within the task environment, 'structured' routine tasks are fundamentally easier to place control systems upon than 'unstructured' non-routine tasks, which often pertain to multiple decision processes and communication pathways as well as intangible outcomes and issues, (Thompson, 1967). Witte (1972), in researching the decision-making process, found that human decisions consisted of a number of multiple simultaneous sub-decisions, which were evaluated internally to compose the final decision. An increase in the complexity and uncertainty surrounding a decision causes a gain in the requirement for information search, which effects communication channel capacity and organisational efficiency. Resources are utilised to provide the decider with the necessary information to make a decision that the incumbent perceives is substantiated and relatively objective.

However, there is as O'Reilly (1982) argues a delineation point in the search process where the incumbent realises there is better quality information available but settles for lower quality information because of accessibility issues and resource demands. This demonstrates the complexity of complex decision-making and its demands on communication processes. The main communication components of the decision process, or communication routines, are exploration, investigation and dissemination, (Mintzberg et al. 1976).
The flow of information in organisations, primarily, consists of vertical communication, which is the number of organisational levels that exert influences on communication processes, and horizontal communication, which is the number of departments that exert influence over communication processes, (Johnston and Bonoma, 1981). Organisations have vertical and horizontal information processing requirements within their given environments, as given in figure 4.4;

![Figure 4.4: Information processing requirements](image)

In most organisation, formal and informal, horizontal information flows more frequently than, formal and informal, vertical information, (Conrad, 1990; Guetzkow, 1965). This is almost certainly due to the content of the information and the status of communicators. As identified by Katz and Kahn (1966), downward communication consists of five basic types; job rationale, organisational procedures and practices, feedback about performance and indoctrination of goals. A generic collection of upward communication analysed from within organisations seems to consist of four
basic types; information about the subordinate, information about co-workers and their problems, information about organisational practices and polices and information about what has been done or needs to be done and how to do it, (Katz and Kahn, 1966).

The ability to control information within the organisation is potent source of power within the organisation. Furthermore, on a general level it is the human condition to act in the way that is most likely to achieve one’s individual goals. An individuals’ goals are often at odds with those given by the organisation making the ‘frontier of control’ an ever-present issue. Vertical information within the organisation tends to be written communication and operational and financial in content, which follows certain patterns and frequencies. According to Klauss and Bass (1982) vertical communication occupies two thirds of a manager’s time.

This differs from horizontal information, which is generally more collaborative, oral, continuous and informal in nature. However, the downside of horizontal communication is there tends to be differentiation and heterogeneity between communicators, which in some research has been attributed to negative intensity in interpersonal communication, (Katz and Kahn, 1966). The other reason for more frequent horizontal information is that vertical communication tends to result in status asymmetry, which is less comfortable for both communicating parties than peer-to-peer communication, (Guetzkow, 1965; Conrad, 1990). Davis and Leinhardt (1972) argued that three types of dyadic communication relationships exist these are; mutually positive, mutually non-positive and asymmetrical. Most vertical relationships within organisations can be classified as asymmetrical.
A majority of organisational relationships with intense communication demands are forced by the structural or task requirements of the organisation. This positioning of incumbents into groups with set organisational objectives can cause communication demands and problems for its members. Within groups variation among members in the process of group decision-making can cause problems for participatory incumbents, (Hambrick et al. 1996). This is exacerbated by heterogeneity within the group, for example; different spheres of reference, beliefs systems and shared vocabularies. These factors make interpretation and consensus in solution finding, within the organisation, cumbersome and time consuming. Moreover, humans communicate more frequently and in a less inhibited manner within groups if their group is populated with members who are perceived by the individual as being similar in cognitive abilities, beliefs and background, (Bion, 1961; Katz and Kahn, 1966).

Senger (1971) found that supervisors have a tendency to rate subordinates as competent in situations where they share the same values to those of the supervisor. Friendship is also a big 'sociodynamic' factor in the type communication relationship between incumbents and the information communicated, (Monge et al. 1978).

Sharing the same objective situation is an important factor for effective communication. Although, Robert Miner (1979) has shown that in 65% of superior-subordinate conversations that he analysed there was less than a 50% chance that both parties shared the same information. Distrust among communication parties also affects organisational communication. If there is an imbalance in the trust relationship between A and B, then A is likely to withhold information from B whilst concealing the truth, (Guetzkow, 1965). Concealment of truth in communication behaviour has
also been, “found to be associated with evasive, complaint, or aggressive communication behaviour”, (Jablin, 1979), pg1204. Even systems that provide recognition and reward for organisational validated behaviour and performance can cause communication problems.

For incumbent performance most organisations offer remuneration and reward systems, which in turn tend to develop barriers to effective communication whilst encouraging information distortion. This is resultant upon people playing the system for themselves and coveting competitive information, which is used for personal advancement, as opposed to the advancement of the organisation. CRM (customer relationship management) systems have seen high failure rates because of employee reluctance in system take-up and recalcitrant behaviour, particularly as CRM applications try to enforce information transparency among competitive sales people within organisations, (Durlacher, 2000; Gartner Group, 2001).

The power of information and the ability to withhold it, distort it or use it for the personal advantage adds to the inherent subjectivity and residual distrust of certain communication relationships, particularly those relationships that hold an imbalance of power between the two parties, (Coombs et al. 1992; Feldman and March, 1981). The human character of the organisational communication structure, comprising of these people causes deep complexity, whilst their political games cause negative communication cycles, yet the organisations still has to function. The same people will add bias and distortion to the information they transmit and articulate function within the organisation only to be countered by other incumbents who counter bias, or positively distort the information, for processing on receipt of their communications.
This 'counter-bias', or 'interpretive adjustment', processing and modification often occurs at a subconscious level within the incumbent and is an integral part of the man-machine communication process. Eventually, in an organisation where there is lack of trust, pervasive biasing and distortion of information leads to a negative spiral into increasingly destructive communication cycles that benefit no one.

The level of the organisation at which the incumbent belongs to has the habit of predisposing the communication channel used. Upper level incumbents favour less formal communication channels, such as face-to-face discussion and unstructured meeting, (Smith et al. 1994). This is in comparison to lower level incumbents, which seem to be exposed to more formal communication channels and information types, such as memo's, forms and structured meetings. Senior managers tend to form common frames of reference and meanings to help the decode communication and share these meanings amongst themselves, (Daft and Lengel, 1984). They then use this library of homogeneous narratives and understanding to communicate the message throughout the organisation, (Daft and Weick, 1984).

Good communicators among superiors within the organisations was found, by Redding (1972), to be based around five basic premises, these are managers that are; communication focused, empathetic listeners, have the ability to 'ask' and 'persuade' not 'tell' and 'demand', are sensitive to others feelings and open in transmission of information. Supervisors tend to develop one of two patterns of information exchange with subordinates, which are either; a) a 'leadership exchange' based on power or b) 'supervisory exchange' based on authority, (Jablin, 1979).
Communication between superiors and subordinates tends to be task-oriented and both sides of the dyad have differential perceptions and attitudes of the communication interaction, (Jablin, 1979). Baird and Diebolt (1976) found that the communication contact with superiors is positively correlated to subordinate job satisfaction. A dominant feature of directionality in communication is authority and power.

In terms of communication frequency it is also shown that downward communication is more frequent than upward communication. Most communication takes place, inside organisations, in a spontaneous and informal manner, (Luthans and Larsen, 1986). Perceptually, superiors view their communication frequency as being greater than their subordinates view it to be, (Webber, 1970). Once again, these factors pertain to organisational control issues as well as status asymmetry in a situation where communication from superior to subordinate is more comfortable for both parties than subordinate to superior (Conrad, 1990; Guetzkow, 1965).

Upward communication tends to be more positive than downwards communication, 'a superior tends to receive reports that tell him primarily what his subordinates want him to hear', (Rogers and Agarwala-Rogers, 1976), p97. Primarily, this relates to the incumbents desire for reward over punishment in the status relationship between themselves and a superior. Moreover, supervisors perceive subordinates as being better informed than they really are, which would begin to explain why communication of policy and strategy is often withheld or incomplete. This results in less information transfer and more ignorance of the organisation's actual reality, (Conrad, 1990). This also points at the issues of accuracy and bias in organisation
communication. Gardner (1964) captures this in the multi-level organisation in the following, pp78-79:

“The men at the top... depend less and less on firsthand experience, more and more on heavily ‘processed’ data. Before reaching them, the raw data – what actually goes on ‘out there’ – have been sampled, screened, condensed, compiled, coded, expressed in statistical form, spun into generalizations and crystallized into recommendations.”

Thorstein Velben (1983) believed that the incumbent in the modern organisation is trained to a point of being incapable or being a victim of ‘trained communication incapacity’. Conrad (1990) argues that specialisation creates efficiency in organisations but reduces a person’s ability to communicate effectively in problem solving situations. As the incumbent is trained in a technical skill set they become less capable of carrying out other organisational tasks competently. This has a profound effect on communication, as the incumbent becomes accustomed to their role with the organisation, they begin to decode and interpret messages in a manner appropriate for their role, (Conrad, 1990). There ‘reality’ may exist in isolation to other incumbent ‘realities’ within the organisation adding to communication incongruence.

This incapacity is compounded in larger complex organisation where there are a number of very specific tasks, technical definitions and language (jargon) in their communication articulation. In these organisations trained communication incapacity can become quite pronounced. Guetzkow (1965) disagrees that jargon and codification are unwanted attributes in an organisation and adds, that a, “communication systems becomes effective when they employ languages that carry larger amounts of meaning with relatively fewer symbols”, pg551. Shaw (1956) also
argues for the rational logic of efficient systemisation of information in the following, “when information is distributed systematically rather than randomly among the members of a group, groups are more effective in terms of time and accuracy”. This would explain why organisations feel the need to standardise and codify knowledge and information.

The problem of finding the right solution for the organisation is concentrated by the understanding that there is not a discrete solution that will suit all organisational tasks and times. Glanzer and Glaser (1961) highlight this factor in the following, “The efficiency of a structure depends on the characteristics of the task”, p6. These factors demonstrate the complex issues of communication within the organisation and the real potential for dysfunctional communication processes to occur.

4.4 Dysfunctional communication

Communication within an organisation is contingent upon the structure of the organisation and its environment. In some case these factors can cause dysfunctional communication behaviour or simply a complete breakdown of communication. This situation occurs when the channels carry information become overloaded or broken, as in the following figure (4.5), (Rogers and Agarwala-Rogers, 1976), pg90.
In both the cases detailed in figure 4.5 the effectiveness of the organisation and its communication system will be seriously impaired. One of the fundamental directives of the organisation is to restrict or imbue the flow of information throughout its channels to a manageable compromise between actual and ideal. This is carried out by techniques, such as filtering and codification of information. The reduction and condensing of information within the communication system is an important process in the reduction of error and the amount of superfluous and redundant information flowing throughout the organisation.

Within the organisation senior incumbents require a free flow of information to make their decisions. However, if communication was allowed to flow freely it would not be long before a manager, in any given organisation, would be overwhelmed with information. For example, in a mythical seven level organisation, where one supervisor has four subordinates each having four subordinates and so on. In this case a manger in receipt of just one message a day from each incumbent would receive 4,096 messages per day, (Conrad, 1990). For this reason the organisation transmits a minority of the information it produces upwards.
Information overload within the organisation is an insidious state of affairs as Lanzetta and Roby (1957) state, “The overloaded individual is as likely to neglect obligations to other group members, thereby increasing their error, as he is to neglect his own responsibilities”, or simply as the information load increases performance decreases, pg129. The nefarious nature of information overload is that it causes greater information overload throughout the system. Relevant information becomes lost in the resultant mêlée, which gives rise to the increase in search for accuracy, relevancy and verification whilst adding more information requirements on to the system.

In contrast, a situation of communication breakdown Cartwright (1959) argued that, “absence or malfunctioning of an articulation unit will have widespread repercussions for the organizations”, pg261. A breakdown is defined by Cartwright (1959) as, “...removal separates the graph [of the network] into two or more sub graphs which are not connected to one another”, pg261. Mulder (1960) argues that centralised communication networks are particularly ‘vulnerable’ to the serious consequences of this type of communication breakdown.

One technique to avoid the problem of information overload is by using queuing as a way of delaying information processing to a point in the organisation's future where there is less demand (i.e., off peak hours) and then processing it. The other main technique is through the use of filtering as an information control. Filtering places a conduit between the information source and the destination to act as a processing agent in filtering out redundancy and irrelevant information. The filter only allows relevant and valid information through. This could be an incumbent or a technology;
i.e., a manager, a personal assistant or a call-divert function on a cell phone. Figure 4.6 shows an organisational filter:

*Figure 4.6: A simple organisational filter*

Many positions within the organisation that are bound in reporting relationships act as information filters. The filtering of information and queuing as a combat against information overload can also create serious problems for the organisations communication system. The two most common problems are omission and distortion.

Omission is the deletion of part or all of a message while distortion is the adjustment of the message content or it's meaning, (Conrad, 1990). Omission can occur by accident or system design but often occurs as a result of power relationships within the organisation, for example if, “if an individual has power over the advancement of persons of lower rank, those of lower rank will omit critical comments in their communication with the person of higher rank”, (Jablin, 1979), pg1205. The organisation can combat certain forms of omission by the use of repetition.
The communicator repeats the message a number of times across a given communication channel with the aim of eliminating omission and decrease distortion. Unfortunately, one product of such a strategy is information overload for the recipients. Both of these problems can usually occur in greater frequency as the degree of intervention, human or otherwise, increases.

Huber and Daft (1987) argue that the organisational process of communication management means not only controlling the flow and channels of formal communication but also facilitating its interpretation. Barnard (1938) agreed with this, "when communications go from high positions down, they often must be made more specific as they proceed; and when in the reverse direction, usually more general", pg176. Moreover, Weick (1969) adds to this understanding by emphasising the fact that information is transformed whenever it is transferred. March and Simon (1958) found that functional divisions and subunits within organisations became highly differentiated and consequently developed their own norms, values, codes and languages which facilitated intra-group communication but made distortion a common problem for inter-group communications.

On interpretation of a message most recipients work on the basis that the message has an unequivocal objective meaning. This means that the receiver has the same understanding of the message as the sender, and that the a priori meaning remains 'true'. However, the obverse of this is often true, within the organisation, as meaning becomes subjective and a posteriori ascribed to a given context or situation, (Messick, 1993). This uncertainty in meaning and context, inherent in most forms of communication, often pertains to the human dimension of interaction, “we are all
condemned to a certain ambiguity in our language relationships with others”, (Cossette, 1998), pg1362.

Lorenzen (1969) sees this problem of finding the ‘truth’ of the message in a dialogue as a critical flaw in human communication. Moreover, the only way to eliminate this is for the requirement of ‘transsubjectivity’ in the analysis of the objective truth in a dialogue. This requires the use of rational logic to question and validate the points of the argument, in attempt to objectify them and discover the truth. The communication channel used, such as; e-mail, memo, telephone etc. etc. will also influence the consensually validated grammar used by the communicators, and their interpretation of the message, (Messick, 1993; Weick, 1969). There is also the factor of fixedness in terms of how permanent or transitory the message is, i.e., spoken or written. The problem of subjectivity, medium and context is exacerbated by the fact that, “different messages arrive in different parts of the organization at different times has implications for the functioning of the individuals in their relation to each other”, (Guetzkow, 1965), pg537.

All humans view the world according to their own rules that are governed by society, natural determinism and cognitive structuring. This means that when one decodes information it is natural for the human decoder or the ‘man-made’ machine to affect the information with bias, misunderstanding or dissonance. Williamson (1991) adds to this understanding by emphasising the complexity of human communication, “failures of coordination may arise because autonomous parties read and react to signals differently”, p278. This means that as the message is recoded and transmitted
onwards, the content, integrity and context may have been subtly or severely altered by human or machine intervention; i.e., Chinese Whispers.

Furthermore, many organisations use the codification of information, i.e., socio-demographic groupings, as a method to reduce information overload, which in turn relies on an interpretative interface for changing information of infinite states into a finite number of coded states. Formal codes exist within communication systems and are usually implemented to combat inefficiency and leverage control in communications, or as Stamper (1973) states, “codes may have to be designed to make communication more economical”. However, codification of information can add to the organisations problems of omission and distortion.

To combat this inherent source of error the organisation can use number of techniques. These techniques include redundancy, verification and bypassing. Once again these techniques can be seen as ‘double edged swords’, creating problems as well as solutions for the overloaded organisation. For example, redundancy, in a manner not dissimilar to repetition, relies on sending a message over a number of channels in parallel or simultaneously to insure the destination is met and the message content has its original structural integrity. Unfortunately, this adds to the problem it is trying to counter, that of information overload.

Verification attempts to guarantee the accuracy of a previous communication and eliminate possible biasing or counter biasing of the message by articulators, in the knowledge that certain information is prone to distortion throughout the organisation; i.e., remuneration information, sales, etc. etc. Feedback is a situation where the
recipient returns information about the message they have received and informs the sender of its utility and performance.

The structure of most organisations means that for a message to be sent to a line destination across the organisation to another functional division, using the official channels, had to be first sent up to a superior then passed across to another superior, then finally down to the recipient. This resultant situation is one that is prone to delay and error. Fayol (1949) wrote about the idea of bypassing this by direct horizontal communication or using 'Fayol’s Bridge'. Bypassing is a situation where a receiver seeks a direct, or near direct, communication route to the transmission source without using the organisations articulation and information relays. Wilson (1992) writes about the similar diagonal communication where the communicator jumps at least two organisational levels with their message.

This type of communication has an air ‘illegitimacy’ according to Wilson (1992) as it often bypasses direct supervisors. This factor adds a dangerous element to it for the incumbent dealing with power relationships within the organisation. Diagonal communication is used in a situation where there was high variability, uncertainty and poor performance in the incumbent’s environment. The incumbent is often in a situation where they feel they can not gain the information they require through the chain of command so bypass it in their information search. Lateral and diagonal communication is also used extensively in situations where incumbents are specialised in sub-portions of task completion and are dependent upon others for completion and collaboration, i.e., software engineering, (Monge et al. 1978). Moreover, this is a structural dysfunction and the predominant reason why firms that
work with tasks that necessitate such situations, are often structured in a matrix configuration.

The Incumbent assimilation of bias and meaning within communication interpretation is also a major cause of distortion within the system. Assimilation occurs in a situation where the incumbent distorts the message in the direction of factors, such as: previous message contexts, role, self-identity, popularity dynamics, values and attitudes, (Campbell, 1958). In the example given by Cyert et al. (1961) in their study of graduate enactment of specific organisational roles, they found when asking them to take the identity of two specific roles that, “cost analysts will tend to overestimate costs and that sales analysts will tend to underestimate costs”, pg256. Guetzkow (1965) adds that, “because ambiguous messages are open to multiple interpretations, meanings more agreeable to the receiver may be attached”, pg557.

The communication structure can cause alienation among an organisation’s incumbents, particularly in situations where the individual’s requirements are not accounted for. For example, group participatory communications are seen as an effective way of involving multiple people in the problem decision-making process. This may work for a number of the organisation’s incumbents but some will be failed by it due to factors, such as; group anxiety, distrust and weak communication skills etc. etc. This type of communication system may cause alienation among these people. The solution to these people is anonymity or single person supervision may suit their needs but fail other more socially gregarious group members. Communication alienation can be found at all levels of the organisation where an incumbent becomes despondent and removed from the objectives and requirements of
the communication system. Alienation can create a contingent situation for incumbent, such as where a supervisor lacks self-confidence in leadership and may avoid duplex human communication in favour of formal written communication. This may leave the subordinates feeling alienated within this particular organisational situation. Sources of alienation can be from the following, adapted from (Conrad, 1990), pg197:

- Reduced relative power of powerful employees: threat to self-esteem; threat to position and security.
- Violated expectations about opportunity to influence decisions.
- Personal factors: inadequate match between desire and opportunity to participate; communication anxiety or low level of communication skills.
- Increased communication overload and stress.
- Increased pressures from imposed relationships.

The paradox of dysfunctional communication within the organisations is that as the organisation creates effective channels that are deemed, by their users, to offer limited error, in terms of; omission, overload and distortion, they themselves become used with increasing frequency until eventually they are subject to dysfunction too. This demonstrates the dynamic property of organisational communication and the complexity that face organisational designers. Basically, organisational questions, such as; who, how and why in communication dictate the communication system’s architecture, information channels and their propensity towards specific inherent issues.
4.5 Conclusion - Communication and strategy

Communication is one of the key variables of analysis in the attainment of knowledge and understanding of an organisation, and as a form of structure, is fundamental to organisational strategy as a method of encompassing environmental contingency. Moreover, communication and the information it carries must be protected and controlled. If all information resources are perfectly communicated within an organisation or industry sector to all participants, power and competitive advantage cannot exist and the strategy will fail, (Grant, 1998). Organisations and markets depend upon information asymmetry to maintain competitive advantage and leadership positions.

Communication of information and related resources are a key factor within service organisations, as specialist tacit knowledge and intangible dynamics often are critical components of the service production component. Organisations are trying to standardise, formulate and codify this ‘core’ knowledge in an attempt to provide tangibility to it, making its protection and control and easier process, (Grant, 1998). This emphasises the importance of effective strategy in relation to organisational communications.

Inside the organisation communication delineates the processes of the organisation in regard to the procurement and deployment of resources vis-à-vis organisation strategy. Mohr (1973) understood this link in understanding that the utilisation of organisational resources required for success in meeting strategic objectives necessitated the identification of output goals to determine which resources where critical, this required effective communication. The analysis of communication
behaviour emphasises the decision-making processes of organisation’s incumbents and allows the researcher to view the structure of this process, whilst observing its success in relation to strategic goals. The consistent control and deployment of resources within the organisation demonstrates the existence of a planning perspective. The measurement of the organisation’s ‘actual’ behaviour against that of the organisation’s strategy will expose the level to which the organisation’s structure has aligned itself to its supposed strategy, and its relative success in doing so. If the researcher finds incongruence, between the two variables of communication behaviour and strategy, then the organisation may be unsuccessful in its strategic vision or its implementation across its structure.

The analysis of the communication behaviour of an organisation’s incumbents will be key to this study as a method of portraying the effectiveness of strategy within the focal organisations. The analysis of the incumbent’s job remit, policy and the organisation’s strategy towards their position compared to the incumbent’s day-to-day communication behaviour, in regard to specific tasks, i.e., problem management, will demonstrate the degree to which the organisation’s strategy encompasses contingent events. If the respondent’s communication behaviour, and its content, is dissimilar to that behaviour desired and detailed by the organisation’s strategy then one can conclude that the organisation’s strategy is not encompassing contingency.

The corollary to the understanding of the communication structure-strategy relationship is that in the multi-level organisation the researcher can change the resolution of this technique to examine the level at which strategy and contingency is or is not affecting communication behaviour. In the case of this study the level of
analysis will be that of the multi-unit manager, who fulfils the position of middle manager in the multi-unit organisation. If the multi-unit manager’s communication behaviour is affected by contingency occurring at the boundary of the organisation, and strategy within the organisation does not encompass this factor, then one can conclude that there is dissonance between the ‘prescribed’ and ‘actual’ strategic reality.

The understanding of the multi-unit position in this strategic-structural manner within the organisation will emphasise strategic and structural efficacy and performance issues, which can be analysed through the observation of the incumbent manager’s communication behaviour in regard to contingency. The next chapter will discuss the methodology that will be used to underpin this research.
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CHAPTER FIVE

METHODOLOGY
5.0 Methodology

This chapter will detail the methodology that governed the research conducted within this thesis.

5.1 The objectives of the study

The objective of the study is to examine the idea that the way an organisation handles contingent problems reflects the character of its strategy and structure. Therefore, the primary objective is to test the relationship between contingent problems and the strategy and structure of an organisation. Moreover, given that contingent problems can be handled by strategy or structure, as well as by both, a second objective emerges, that of defining organisations in a way that differentiates them in terms of their strategy and structure formulation. However, the second objective would be a pre-requisite of achieving the first.

Given the focus of the study on contingent problems, multi-unit service organisations have been nominated as a suitable context. Within this context the study uses the role of the multi-unit manager as the focus of data collection and reflective analysis.

Taken from the above knowledge, the specific methodological objectives of the study are identified as the following:
1. To understand the occupational environment of the multi-unit manager within the UK based multi-unit organisation.

2. To devise a measure for accessing organisational strategy and structure within multi-unit organisations.

3. To devise a measure of communication behaviour which informs the relationship of strategy and contingency.

4. To devise a measure of human capital for the multi-unit managers.

5.2 The study context

The study is contained within UK based multi-unit hospitality organisations. As discussed in detail in Chapter Two, these multi-unit organisations exist over large geographic areas with a Head Office situated in one location controlling the functions of a number of business units situated in many locations. The organisation operates a number of business units that are defined by one or more branded concepts or themes.

Furthermore, the multi-unit environment is characterised by deterministic contingent components that exacerbate operational complexity. These components include; stochastic demand, high levels of perceived investment risk, high levels of environmental contingency, high staff turnover, fickle market behaviour and service concept intangibility. Moreover, many of the identified components are true of all
service industry environments, but the replication of these issues over multiple operating units in variable environments is unique to the multi-unit organisation.

The production of service components in multi-unit operations is quite complex as the delivery of a standardised service offering in any given unit environment necessitates production, logistical and supplier maturity while also requiring training and development of staff in customer service behaviour that can be readily replicated across the organisation's entire theatre of operations.

In the multi-unit organisation the effective functioning of the incumbent in the role of multi-unit manager is key to the organisation in the assurance of continuity in unit service offering and cost control. The multi-unit manager is positioned in between two different organisational levels, both of which exist in different locations and consist of specific task environments. The structure of these organisations would suggest that senior management interprets the operational environment at the apex of the organisation and formulates corporate strategy to be disseminated down throughout the organisation. Strategy from this location becomes a central foundation for the multi-unit organisation and is pervasive throughout. This process occurs asynchronously, in relation to subordinate unit managers who are continuously exposed to environmental contingency at the operational level of the organisation.

The role of multi-unit manager is critical to this process within the multi-unit organisation as the position provides the main communication and control conduit between Head Office and the business units. This study utilises this understanding to view the dynamics of multi-unit operations through the role of multi-unit manager.
5.3 Managerial Research – Issues and limitations

The analysis of human behaviour in social science, which is the cornerstone of managerial research, harbours the same issues and limitations that are contained within all analysis of human actors in complex settings. In the case of managerial research the setting is the organisation and the human actors are the organisation’s incumbents.

The analysis of human behaviour is always conducted over a phenomenological interface, i.e., from individual to individual, individual to group, group to individual or group to group. The recording and analysis of reality in these circumstances involves coping with the problems of subjectivity and inter-subjectivity. For example, when analysing the molar or molecular behaviour of an individual the observer inherently carries a degree of bias, unintended or otherwise, into the situation. This bias may derived from the ability of the observer to accurately decode behaviour within the environment or in specific situations even be aware of exposure to it.

This bias presents itself in managerial research as individuals often record only what they are predetermined to expect and understand or have had experience of. Furthermore, the observer may unintentionally use their own prepared solution recipe or diagnosis in the analysis of the situation. The problem of using constructs familiar to the observer in unfamiliar environmental situations is a reoccurring issue in social science research. This is particularly poignant as ethnographic constructs are often the core foundation to much of applied managerial research.
Managerial research also relies heavily on managerial rhetoric for the recording of, first or second hand, testimony as temporal order is usually dictated by uncontrollable situational events (uncertainty, complexity and subject access). For example, communication as a medium for behaviour analysis in managerial research usually occurs with regard to past events as opposed to contemporary or future events. The very act of analysis predetermines the requirement of reflection and a time allotment for its completion.

This has been identified by (Easterby-Smith, 1991; Stewart, 1987; Handy, 1996; and Patton, 1990) as a major consideration of managerial research. These authors all highlighted the problem of managerial rhetoric with particular regard to the accurate detailing of recorded events to the actual events themselves, or as Handy (1996) places it, the difference between, 'what managers say they do and actually do'. This is partly due to the difficulties of analysing behaviour in dynamic situations where often the components of 'cause and effect' are unidentified or not properly understood. In the organisational environment managers have been shown to display the habit of placing serendipity in a situation as being due to intended action and blaming poor judgement on external agency, Porter (1999).

Furthermore, the issue of dynamism and rhetoric presents itself in the situation of studying managerial behaviour in regard to strategy. Strategic formulation by managers is a pursuit that’s very essence relies upon effect being understood before the identification of actual cause. The observer of this managerial activity is left in a situation where intention cannot be fully identified as the event has not yet
materialised. This open ended dynamic causes many problems in the identification of probable behaviour and recognisable intention.

The specific molecular behaviour that the general banner or managerial research seeks to identify is riddled with potential pitfalls and caveats. Managerial research often consists of a composite of other borrowed philosophies and methodological tools. The inherent hybrid nature of this type of epistemological process, to make sense of the organisational setting, presents many opportunities as well as costs to researchers. However, the inherent hybrid nature of managerial research can be seen as one of greater strengths as by nature it lends itself to construction flexibility and environmental adaptation.

The issue of flexibility and adaptation is compounded by the problem the observer has with access to the research subject in any organisation - not to mention a commercial organisation! To fulfil the remit of integrity in managerial research the organisation often has to open up its heart and mind to the researcher, providing extensive access into some of its darkest recesses. This is no mean feat and in many situations the researcher is left in a situation where they have to make do with what is available or modify or terminate the research objective. This presents a situation where managerial research can be encapsulated as being a tenuous equation between validity, reliability, integrity, access and reality.
5.4 Conceptual definitions of the study

The conceptual definitions that are a component of this study are contained and utilised within the three methodology sections that form the body of the study and are given in the following:

1. **Structure** is defined as the sum of the interconnected components and processes that form an organisation.

   a. For the purpose of this study, the abstraction of organisational structure is made tangible, and finds utility, through the concept of organisational formalisation.

   b. Formalisation is the most important and descriptive structural variable, illustrating the degree to which internal order and governance exists and is defined within an organisation.

2. **Strategy** is defined as a plan of action, requiring the allocation of resources and the adoption of common purpose, in response to the organisation’s environment, goals and objectives. For the purpose of this study, strategy is made tangible and dichotomised through the identification and abstraction of strategy’s relationship with structural formalisation. The dichotomy of the strategy-structure relationship is given as either ‘tight’ or ‘loose’.
Methodology

a. 'Tight' Strategy is operationalised as high organisational formalisation evident in developed planning structures, clearly defined communication channels and accurate articulation.

b. 'Loose' Strategy is operationalised as low organisational formalisation evident in undeveloped planning structures, undefined communication channels and ambiguous articulation.

3. Contingency Problem is defined as an unplanned causal event, occurring from within the organisation’s wider operating environment, which has the effect of impinging upon operations at the unit level of the organisation.

4. Communication Behaviour Measure is a devise to ascertain and measure how the contingent problem impacts upon the organisation.

   a. In particular, the measure will be utilised to demonstrate whether contingency exists at the level of area management and the degree to which organisational strategy encompasses contingency within the respondent organisation.

   b. The measure will capture communication behaviour in regard to the identification, analysis and solution acquisition of non-routine incidents by the respondent organisations multi-unit managers.
c. To this effect, capture multi-unit managers communication behaviour in regard to identification, analysis and solution acquisition of non-routine incidents, based around five sub components of the incident, these being:

1. The definition of the incident.
2. The source of the incident.
3. The severity of the incident.
4. The procedural nature of the incident
5. The communication complexity of the incident

5. Human Capital and Demographics Measure is a devise to eliminate the deleterious effect of human capital and demographics as a causal independent variable within the study. All respondent multi-unit managers within the study have undergone human capital and demographic measurement. The four main components that are inherent to the measure are:

a. Operational Information. This is a measure taken to assess the number, size and complexity of the business operations within the given manager's territory

b. Education Background. This is a measure taken to assess the respondent manager's educational background.
c. **Tenure.** This is a measure taken to assess the manager’s career route and time within the respondent organisation.

d. **Training.** This is a measure taken to assess the manager’s formal training within the respondent organisation.

### 5.5 Propositions of the methodology

The main propositions that inform and structure the methodology have been deduced from the synthesis of theory, taken from understanding the multi-unit organisational context. These are given in the following:

- **Proposition 1.** In situations of ‘tight’ organisational strategy the communication behaviour displayed by the multi-unit manager will not have been affected by the existence of external contingency at the middle management level of the organisation.

- **Proposition 2.** In situations of ‘loose’ organisational strategy the communication behaviour displayed by the multi-unit manager will have been affected by the existence of external contingency at the middle management level of the organisation.
5.6 The structure of the methodology chapter

The methodology outlined in this chapter consists of three parts, which represent three stages of the project. These stages are:

1. The preliminary study of strategy and the role of the multi-unit manager.

2. The development of a template for judging the strategy/structure character of the organisation.

3. The development of a diary instrument to capture communication behaviour.

From the above, the following structure is taken forward to form the methodology. This study consists of three discrete methodologies that were conducted separately but were used to inform one another. Overall, the methodological structure of this study can be defined as a meta-methodology consisting of three components that require different research techniques and methods. These components are given in the following methodological sections:

- **Methodology I** – The preliminary study of strategy and the role of the multi-unit manager.

- **Methodology II** – The development of the template for judging the strategy/structure character of the organisation.
- **Methodology III** – The development of a diary instrument to capture communication behaviour.

### 5.6.1 Methodology structure

The following summary diagrams (diagram 5.1, 5.2 and 5.3) given on this page and the next two pages detail and illustrate the structure of the three methodologies contained within this chapter.

*Diagram 5.1: Methodology I structural legend*
Methodology II

1. Creating the formality template
2. Engendering statement on formality
3. Creating definition of 'tight' & 'loose'
4. Q sort applied to expert panel
5. Applying the formality template
6. Assessment of respondent organisations for evidence of formality
7. Researcher asks expert panel to validate assessment of organisational strategic-structural character as 'tight' or 'loose'
Diagram 5.3: Methodology III structural legend

Methodology III

1. Literature review, interviews and observation of multi-unit managers

2. Creation of the diary instrument

3. Composition of the diary questions into contingent variables for analysis

4. Analysis framework

- Approach one
  - Utilises the 'tight' & 'loose' framework

- Approach two
  - Utilises a) organisations b) managers

- Approach Three
  - Interrelationship between variables
5.7 Methodology I – A preliminary study

Methodology I is the foundation of the study in terms of theoretical development and sense-making and contributes to shaping a practical research context while being essential in support for the latter sections of the methodology. This methodology is build upon the requirement to conduct the following:

- To undertake a preliminary study of strategic processes and the role of the multi-unit manager within the multi-unit organisation.

Objective

This methodology is defined and focused by the following objective.

- To understand the strategic processes and the role of the multi-unit manager within the multi-unit organisation.

Sub-Objectives

The sub-objectives of the methodological approach taken in methodology I are given in the following summary:

- To this effect, gain an initial understanding of the structural and strategic context of the UK multi-unit organisation.
To validate the knowledge areas and skills of the multi-unit manager as given in academic literature.

To this effect, gain an in depth understanding of the daily task environment and the organisational demands placed upon the incumbent.

To place this understanding into the creation of a UK context for the multi-unit manager.

### 5.7.1 Methodological Approach

This methodology is a preliminary investigation into the subject of organisational structure and strategy. The methodology consists of an exploratory study to gain initial exposure into the occupational environment of the UK multi-unit manager. Furthermore, to aid the development of key knowledge, in relation to the limited information resources available on this subject area, and to help to develop an understanding of the context and gain greater synthesis, this methodology was simultaneously undertaken with an extended literature search.

However, initially a wider literature search was undertaken in an effort to gain a richer insight and exposure into the unique occupational environment of the multi-unit manager. To complete this task required the pursuit of an inductive exploratory research design. This method had to be replicated on a number of occasions to assist
in building a more in-depth personal epistemology of the multi-unit manager and the multi-unit organisational context. This was achieved through a number of critical components.

Primarily, the role prescription and critical knowledge areas of the UK based multi-unit manager had to be ascertained, thus validating, or otherwise, the academic literature, which was mostly American in origin, in relation to the role of multi-unit manager. This was consolidated into a number of initial propositions on the structuring of multi-unit organisations, which had been constructed from detailed analysis of the available and existing academic research on multi-unit organisations.

Moreover, it was hoped that the evidence attained from an exploratory study would provide validation or falsification of the components, gained from the literature, that formed the line of research enquiry embarked upon, and help to contribute to the greater understanding of the specific UK context. The initial propositions were arrived at from initial theory development, in regard to the inherent complexity of the multi-unit organisation. These included structural, strategic, and resource dependency issues. The propositions were used as a founding guide for the initial exploration of the UK context and a backdrop to build and posit questions upon. The initial propositions were as follows:

1. Strategy within the multi-unit organisation can be seen as a loose contextual guideline in which most organisational decisions fall under.
2. The majority of conflict within the multi-unit organisation would seem to occur because of problems associated with the interdependence of people. This factor is concentrated because of the proposal that, the greater the degree of environmental uncertainty an organisation faces will have a direct effect on the level of dependency of a given department upon any other.

3. In relation too, and as an annex to the above proposition, is the notion that conflict inside the organisation can be caused by interdependence and availability of resources within the organisation.

The exploration of the above propositions were viewed as allowing for the validation of the relevance of pre-defined theory and knowledge with regard to the multi-unit manager's role, which would assist in placing the multi-unit manager accurately within the UK context specifically.

The best method identified to achieve this objective was through the use of a semi-structured interview combined with discourse analysis conducted afterwards on the interview transcripts. The semi-structured interview technique allows the interviewer latitude in the delivery of question type and also leverages the interview in favour of conversational and topic flexibility, (Breakwell, 1998). Furthermore, the technique allows the interviewer exploration of previously unidentified areas of relevance or unrealised lines of enquiry while allowing retraction from uncomfortable or difficult topics, (Oppenheim, 1998). The semi-structured interview is a valid technique in the
induction of knowledge and building of a phenomenological understanding of the occupation. These methods were conducted within an exploratory study.

5.7.2 Exploratory study research methods

The exploratory study was conducted within two well-known U.K. multi-unit hospitality organisations in the summer of 1998. The research methodology was structured in the form of a semi-structured interview with six multi-unit managers, three area managers from each of the two different organisations. The interview was based upon a number of question areas (strategy, structure, interdependence and operations) pertaining to the initial propositions given above, which were designed to help attain important information from the respondents, (for example interview, see Appendix 1). The style of the interview was conducted in a way that, although structured, allowed for the freedom to follow an unrealised line of enquiry that seemed to be novel, or of interest, to the epistemology of this managerial context.

5.7.2.1 The organisations investigated in the preliminary interviews

The researcher had access to two UK multi-unit organisations both of which were in the top five companies in the UK listed in their respective industrial sectors, (KPMG, 1998).

- **Organisation A** is a prolific contract food service organisation operating globally. The organisation competes with a number of business concepts and
formats in stand-alone and cluster locations. These locations also include non-traditional business sites such as hospitals, schools and oilrigs.

- **Organisation B** is a popular High St licensed retail organisation operating under multiple restaurant and public house brands. The organisation at the time of the study was at capacity for licensed retail site ownership and capped by the Monopolies and Mergers Commission for further acquisition. This situation forced the organisation to look at the redevelopment of existing properties whilst selling some properties to acquire more beneficial locations.

The interviews within the two respondent organisations occurred within a month of each other, one interviewing session was conducted at organisation A’s head office while the other interviewing session at organisation B was conducted at a unit manager recruitment day in Dartford. The interviews on average lasted about forty-five minutes each and the level of contribution received from each respondent varied.

This technique allowed a quick induction into interviewing techniques and the use of props and interventions. The researcher used two simple intervention cards to describe an archetypal organisation; one card described a mechanistic organisation and another card, which described an organic organisation structurally, taken from Burns and Stalker (1961) structural dichotomy. The respondent was then asked which card represented their organisation. This was used at the start to open up dialogue about their organisations and facilitate further discussion around the other enquiry areas.
5.7.2.2 Reporting back from the field

The organisational archetype cards produced mixed results from the respondents. For example, all of the respondents from organisation B thought their organisation was more mechanistic than organic. However, in organisation A there was a difference of opinion as two respondents thought the organisation was more organic than mechanistic. This difference in opinion in organisation B compared to A was probably due to the nature of their specific territory, which was disparate and consisted of a high number of units of differing operational size and branded offering (one of the respondents had responsibility over eighty units). In response to this environment the organisation gave the incumbent increased autonomy. However, this did not hold true for another respondent in the same organisation that had the same defined role but a different territory structure and subsequently viewed the organisation as being more mechanistic than organic in definition.

The overall process used was composite and non-traditional and was therefore interesting, providing initial exposure into the problems of second hand testimony, interviewer and interviewee bias. For example, one respondent provided very curt responses to the questions whilst remonstrating about the futility of the type of research method being employed. The interview was ceased before the question list had been completed and the researcher was waiting for the next respondent who was not available until the next hour. However, when the original respondent walked by and discovered the researcher reading the weekend rugby results in a newspaper, he asked his teams result and started up a conversation about the game but ended up delivering far more information to the interviewer who had failed earlier.
Another incident that became illuminating occurred whilst interviewing a multi-unit manager who had three children and worked over seventy hours a week. When asked if her position could be considered to cause some difficulty for her in the role of mother to three children, this was received and answered with very guarded and closed responses for the remainder of the interview. Understanding the emotive nature of interview questions that confront or try to illustrate capability within a managerial role produced a steep learning curve that had to be overcome.

The data from these interviews (see example transcript in Appendix 1) were manually transcribed and then processed by discourse analysis to create specific subject areas for further enquiry, and provide foundation for further theory construction and epistemology.

5.7.3 Initial results

In summary the results, in terms of simple operational factors, demonstrated that both multi-unit organisations had high operational complexity within their portfolio. Furthermore, both organisations had multiple brands, each with differing levels of complexity, operating within their territories. In particular, one of the respondent organisations had twelve different branded concepts within their portfolio. Both organisations used mixed business formats for expansion and had severe competition from other competitors. Moreover, the respondent organisations had undergone major structural change within the two years preceding the interview date. The economic environment at the time of the exploratory study can, in conclusion, be stated as being
dynamic and turbulent, imbued with consolidation and acquisition among competitor companies.

Albeit, unsubstantiated by adequate research and analysis at the time, as a general theme, financial cost indicators and margin management are predominating occupations for the managerial incumbent. Furthermore, using Mintzberg's (1975) managerial typologies for the analysis of the role of the Multi-unit manager in the multi-unit organisation seemed placed among the following categories; inspector, disseminator, controller, coach and figurehead (Mintzberg, 1975). This finding supported previous research into the predominate attributes of the role and skill requirements, (Goss-Turner, 1997; Muller and Campbell, 1995).

From the content analysis of the exploratory study, interdependence as a topic seemed to be contained within the data, but remain elusive and somewhat hidden, as a discrete intervening variable that could operationalise greater understanding. Moreover, the actual character of strategy within these organisations seemed to be convoluted and not easily attained in the analysis and understanding of the interview data. These two categories rather than being prominent within the data seemed to be built upon a mosaic of other interrelated underline concepts. The importance of these other conceptual areas had to be categorised, acknowledged and analysed in view of greater understanding. These basic concepts were concluded as being antecedent operators in the understanding of structural and strategic issues within the multi-unit organisation.

The basic concepts that were delineated in the analysis of the interview data, and in correlation with key subject areas in the initial primary literature research, founded
the construction of six specific conceptual areas of key importance to research understanding. The six conceptual areas that were emphasised in the data as important elements of understanding within multi-unit management are given below:

1. Authority
2. Information Exchange
3. Role
4. Knowledge
5. Skills
6. Planning, Goals and Objectives

The researcher continued the literature search with attention given to the identified thematic areas, (Appendix 2). The thematic areas were written up as academic working papers on which to expound and extrapolate knowledge and theory within. The thematic areas were used as a background to attach and attribute specific concepts and understanding to.

The degree of fit in the thematic literature areas was dependent upon the choice of concept to analyse them upon. Interdependence as a proposition was seen in information exchange, authority, planning, and knowledge. The proposition that strategy is a loose contextual guideline contains the thematic areas of information exchange, knowledge and goals. As expected the convergence levels in these key thematic areas was high.

After lengthy analysis of the concepts and their co-dependencies two variables
seemed to bind the themes in a coherent relationship. On reflection it was soon realised that the thematic areas of: authority, information exchange, role, skills, and knowledge were all critical elements of organisational structure, whereas; planning, goals and objectives were critical elements of organisational strategy. The key variables from the exploratory study and analysis that emerged were structure and strategy. The researcher then developed the theoretical foundations of the research understanding by conducting a highly focused literature review around the two variable precepts, strategy and structure, that were uncovered within the exploratory study.

5.7.4 Observation and further interviewing research methods

After this initial data was compiled, analysed and synthesised into the context of the research there was a need to analyse the role of the multi-unit manager in greater detail, beyond that of second hand testimony described in the literature and in the exploratory study. This would aid the development and augmentation of the theory in understanding the multi-unit manager role and the UK context. In particular, the role of the multi-unit manager had to be understood on a much more detailed level, in relation to the daily task environment and the organisational demands placed upon multi-unit manager.

To achieve this objective a method of research had to be chosen that allows for the capture of the molecular behaviour that makes up a role within an occupation. The best method identified for achieving this goal was direct observation supported by further in-depth interviewing. Observation allows the direct consumption and
analysis, by the researcher, of behaviour and responses of respondents to situational variables, (Bull, 1982; Patton, 1990). This bypasses some of the negative attributes of second hand data and testimony that is inherent to literature research and interviewing.

However, observation does have a number of drawbacks. The lack of privacy given to the respondent may cause a change in the behaviour of the respondent in regard to an observed situation. This observer effect or reactivity may pose a threat to the overall objectivity and validity of the observation. There can also be the deleterious effect of observer bias that occurs in a situation where the observer may only acknowledge behavioural events that conform to expectation and conceived theory, disregarding those events that do not. Observation may be of little use in accurately capturing non-verbal behaviour, which often takes place outside the realm of our consciousness, and behaviour that is emotionally charged, (Breakwell and Wood, 1998). The researcher wanted to approach this objective with a combination of an ethnologic approach and systematic observation.

Initially, the researcher would detail a lot of the environmental and situational variables to gain an ethnographic understanding of the day-to-day factors of the multi-unit manager’s role. Finally, after the analysis of the detailed field notes the researcher would continue the observation of multi-unit manager behaviour around identified constructs, i.e., in response to managerial issues or corporate communications.
5.7.4.1 The organisations investigated in the preliminary observation study

To achieve the objective of deeper understanding of the multi-unit manager role and UK context the researcher decided that the best method to achieve this would be that of ‘walking the job’¹, through casual and formal direct observation and further interviewing around the thematic areas identified in the exploratory study. This was achieved in the autumn and winter of 1999 and the spring of 2000 in three UK based multi-unit companies. Organisation C was a High St themed restaurant chain, Organisation D was a branded restaurant and hotel chain and Organisation E was a branded hotel chain. The researcher spent an initial casual observation period and then pursued a period of formal observation, which involved accompanying the respondent multi-unit managers, within the organisations, and recording observations and feelings about the operating environment, their role and their task environment. The researcher also informally interviewed the respondent managers to ascertain information about events and routines that may have been overlooked or missed in the observation periods and discover additional information to further support the theory, which was constructed in regard to the UK context (Chapter Three) and analysis of the exploratory study. Furthermore, the researcher used this exposure to requisite any available corporate literature or materials that pertained to the remit and role of the multi-unit manager within the organisation.

5.7.4.2 Reporting back from the field

This was an interesting period for the researcher as it became apparent just how much time and traveling was required to fulfill the remit of the role. Moreover, the researcher also became aware of just how much tacit and practical knowledge was required to succeed. One respondent implicitly knew the layout of one of the restaurants in her territory and could immediately tell an administrator at Head Office whether the furniture and seating numbers could be placed in an area being proposed for re-development. Another respondent walked, on average, five miles in central London three times a week to visit her central restaurants. Furthermore, all of the respondents worked over fifty hours a week.

5.7.5 Initial results

The observation period supported the exploratory study’s findings and the theory that had been constructed in regard to the UK multi-unit context. The observation period also added evidence to another concept that had been in the literature but not really mentioned by name in the exploratory study, that of contingency. This situation was probably due to the subject areas distilled from the original enquiry. Contingency as a situational factor now appeared in the observation period with regularity and demonstrated the importance of this previously overlooked component of the respondents’ task environment.

At first this appeared to be an invalid conclusion, as the job remit of the multi-unit manager did not mention encompassing contingency, which originated at the unit
level of the organisation, being a component of the multi-unit manager's role. In theory, contingency was something that was supposed to be encountered and managed by the unit manager at the level of origin. This realisation added another element in the understanding of the relationship between strategy and structure.

5.7.6 Post preliminary study theory construction

From the preliminary study, which included the exploratory study and observation period, the further conceptualisation of the thematic areas, combined with further literature review and analysis, it became apparent that the role of the multi-unit manager was an extremely interesting position on the organisational chart, both in terms of strategy and structure. This was further enhanced by the structure of the multi-unit organisation, which could encounter multiple sources of contingency from its operating units. However, it was still unclear what the role of the multi-unit manager was in regard to front-line contingency.

Furthermore, there was little understanding of what the relationship was between structure-strategy and contingency. For example, did the organisation's strategy ameliorate or exacerbate the existence of contingency in the multi-unit manager's operating environment. This knowledge would become the foundation for the formulation of the main study methodology and design, Methodology II, III. The constructive process is outlined below. The complete and detailed theoretical construction of the theory supporting the research objectives can be viewed in Chapter Three.
The fundamental proposition which guided this understanding and informed the rest of the study was, as follows: *That the multi-unit manager with responsibility for units of different character has a role which is positioned between strategy and contingency, both in terms of organisational structure and behaviour.*

The purpose of the main study became the examination, through the study of communication behaviour, of the role multi-unit managers' play in implementing strategy. The study was to focus on the extent of and the distribution of information related to daily contingency. Whether, information on contingency matters stop at the level of the unit manager or goes on upward was postulated as an indicator of the relationship between strategy and contingency. By contrast the communication of strategic information was studied in terms of how far it is communicated downwards to the units and how far it was changed or aligned with environmental contingency. It was anticipated that the organisation’s structure and the degree to which the strategy was defined would intervene in the process. To this effect the study adopted a concept of ‘tight’ and ‘loose’ strategy, which was tested and formed part of the methodology, and regards the form of organisations as a contextual variable, which also was tested. These inferences will be explained in detail in their respective sections.

**5.7.7 The structure of the main study**

The main study requires two distinct methodologies to demonstrate and attain this understanding. The first methodology has to establish and demonstrate a structural relationship with strategy within multi-unit organisations. This is required to assist the researcher in understanding the organisational context in relation to strategy. The
second methodology has to establish and demonstrate the existence and relationship of strategy-structure and contingency, or otherwise, in the daily task environment of the multi-unit manager. This necessitates the use of a medium in which to establish and observe the interaction of these two forces within the multi-unit manager's daily task environment. For the purpose of this objective the study adopts communication behaviour as such a medium and constructs an instrument to capture this.

5.7.8 Participating organisations in the study

For the completion of the main study there were three respondent organisations. Organisation A and B were discounted from the main study because they had participated in the exploratory study and further access and commitment requirements made it impossible for their involvement. The remaining organisations for the purpose of this study will be recorded as organisation C, D & E. All of the organisations participated in the initial observation study, which preceded the main study. The organisations are defined in the following manner:

- **Organisation C** is a popular High St restaurant chain operating two major brands within its portfolio. However, this study only concentrates on the larger of two brands.

- **Organisation D** is a subsidiary of a large global food service organisation and operates two brands within its remit, one restaurant brand and one lodging brand. The multi-unit managers within this organisation have
responsibility over both brands, so consequently the study concentrates and incorporates both of these brands.

- **Organisation E** is a subsidiary of a large global media organisation and operates a popular mid-service lodging brand.

### 5.8 Methodology II – Capturing formalisation

In the previous section the role of the multi-unit manager and the structural and strategic nature of participating organisations has been explored. In methodology II the researcher intends to establish and develop the relationship between structure and strategy within multi-unit organisations. In pursuit of the objectives given, in assistance to the development of the structure-strategy relationship and the accurate assignment of strategic character to respondent organisations, the methodology aims to achieve the objectives given below based on the following statement:

- The definition of strategy’s relationship to structure and the measurement of strategic types within respondent organisations.

**Objectives**

- To this effect, devise a structure-strategy typology in application to multi-unit organisations.
• To construct a series of indicators that will lend to the construction of a typology. This typology will function as a template.

• To this effect, utilise an expert panel under the instruction of ranking the strategy indicators and validating them for inclusion to devise the typology.

• To utilise an expert panel to give consensus on the type of strategy identified within respondent organisations.

5.8.1 Methodology II research concepts

The following concepts appear in the sections of Methodology II, these are:

1. **Structure** is defined as the sum of the interconnected components and processes that form an organisation.

   a. For the purpose of this study, the abstraction of organisational structure is made tangible, and finds utility, through the concept of organisational formalisation.

   b. Formalisation is the most important and descriptive structural variable, illustrating the degree to which internal order and governance exists and is defined within an organisation.
2. **Strategy** is defined as a plan of action, requiring the allocation of resources and the adoption of common purpose, in response to the organisation’s environment, goals and objectives. For the purpose of this study, strategy is made tangible and dichotomised through the identification and abstraction of strategy’s relationship with structural formalisation. The dichotomy of the strategy-structure relationship is given as either ‘tight’ or ‘loose’.

a. *‘Tight’ Strategy* is operationalised as high organisational formalisation evident in developed planning structures, clearly defined communication channels and accurate articulation.

b. *‘Loose’ Strategy* is operationalised as low organisational formalisation evident in undeveloped planning structures, undefined communication channels and ambiguous articulation.

3. ** Formality Indicators** – For the purpose of this study, formality indicators are a series of variable indicators that demonstrate the existence of organisational formality, i.e., the existence of written rules, policy and procedures.

4. **Expert Panel** - For the purpose of this study, an expert panel is a group of industrial experts that are considered to have vast knowledge on the industrial and organisational operational environment by their peers.
5.8.2 Methodological approach

The sole purpose of Methodology II is to devise a typology to show the structural attributes of strategic character. The indicators will need to be validated, weighed and used in the definition of strategy among the study’s respondent organisations. The purpose of Methodology II is to provide a method of making strategy tangible, so that it can be juxtaposed against an organisation to contribute towards the analysis of the degree to which the organisation’s strategy encompasses contingency at the multi-unit manager level, which will be achieved through the utility of communication behaviour explained in methodology III.

To establish an operationalised typology of strategic types within this study the researcher analysed the factors of strategic formulation, dissemination and implementation within strategic discourse. The literature suggests the importance of structural attributes internal to the organisation that either enable or disable strategic capability. The most important structural variable in the literature was that of formalisation and its structural components (Chapter Two).

Furthermore, formalisation as the main structural attribute pertains to strategy, in that it dictates the internal order and governance of policy, communication, rules and regulation, which dictates the level of resources used for search, definition and articulation of strategy within the organisation (Weber, 1978; Blau, 1956; Pugh and Hickson, 1976; Hall, 1962; Walsh and Dewar, 1987; Pugh et al. 1972). Moreover, the degree of formalisation that an organisation exhibited was postulated to demonstrate the existence of a particular strategy type. The strategy typology is based around the
concept of ‘tight’ and ‘loose’ strategy, which pertains to the degree of formality exhibited by the respondent organisation.

To this effect, the organisation’s strategy may be viewed as ‘tight’ and proactive or ‘loose’ and reactive in its formulation and its implementation throughout the organisation. The degree to which strategy can be seen as either ‘tight’ or ‘loose’ will depend on items such as, the degree of planning, clarity of definition and accuracy of articulation throughout the organisation. A strategy that is defined as ‘tight’ will be clearly defined, planned and accurately communicated to all concerned parties within the formalised organisation. This situation is the converse of the concept of ‘loose’ strategy in the focal organisation, which will be ambiguous, unplanned and communicated badly throughout the informal organisation.

To achieve this end the researcher required a list of indicators that demonstrated the existence of formality within the organisation and a devise to validate the list in respect to applicability within the multi-unit context. Furthermore, to eliminate senior management strategic knowledge as a possible independent variable in the study the researcher would interview these incumbents to establish their level of strategic awareness in regard to their organisation.

5.8.3 Research background

Initially, the researcher used a semi-structured interviewing technique with the Managing Director within each of the three main study respondent organisation to attain senior management’s awareness of strategy, but more specifically the
manager's specific understanding of the level of formalisation the organisation exhibited. If the M.D. was unavailable for an interview then an appointment was arranged to meet with an Operations or Strategy Director. The appointment lasted for about thirty minutes and consisted of a semi-structured interview. The interview could be conducted over a telephone, if this was more suitable for a Director. Fortunately, all of the Senior Directors in the study were available for a face-to-face interview.

The interview was designed to be semi-structured, this was due to the constraints on time in exposure to a Director and this resulted in the interview questions having to be flexible and exploratory in nature. The questions were general in design and probed areas around the incumbent’s understanding of the present organisational strategy, from general to specific business and operational strategy. The researcher also asked general questions about the processes of the business and inherent levels of formalisation in an attempt to provide analytical leverage to the conclusion of this section.

Furthermore, to aid analysis of the organisation the researcher called before the appointment to enquire about the provision of formal documentation in regard to area management and unit operations, strategy and operational processes. In all cases the manager supplied formal literature and copy. This information remains commercial in confidence, and a copy is with University. Moreover, the documentation also allowed the researcher the opportunity to triangulate external research and information about the organisation and its operations with formal internal literature.
The analysis of the researchers notes and interview transcripts were correlated with the supplied formal documentation, from these sources the researcher made a general judgement of overall managerial awareness. This was dichotomised into the categories of the manager being ‘extensively aware’ and ‘not extensively aware’. The researcher, where possible, also collected formal corporate documentation to support the managers’ statements in regard to inherent formalisation and the organisation’s intent with regard to strategy. This analysis of this evidence built up to form a representation of what the organisations’ formalisation attributes are, as correlated with the formal organisation literature.

To support the findings attained through senior management interviews inside the respondent organisations and develop a series of indicators that would demonstrate the existence and varying degree of effect of formality on organisational structure the researcher first proceeded with a focused literature review. The researcher reviewed a number of organisational discourse papers, books and theories that discussed the nature of organisational formalisation and its structural effects. From the formality literature review this resulted in a list of possible formality indicators that were relevant as indicators of organisational formality. These indicators were all discussed and pertained to structural aspects of formality within academic research (see Appendix 3, for the initial list of indicators).

5.8.4 Expert panel use

The result of the triangulation of this analysis, reflection and further analysis, was the establishment of a list of thirty-one formality indicators that could be used to ascertain
the level of formality an organisation exhibits. To validate this list the researcher constructed a list of industry and professional contacts that could be used to form an expert panel. The panel members would be used to validate formality indicators, for use in the analysis of multi-unit organisations strategic-structural character. The panel would be asked validate the initial list of thirty-one formality factors for those that were candidates for inclusion as genuine formality indicators and then Qsort the remaining indicators into those that were strong or weak candidates.

The list contained eighteen possible expert candidates. An invitation was sent out asking them for their attendance as experts to fulfil this task at the Savoy Hotel in London in November 2000. From the initial list, ten members could not make the meeting, this left eight panel attendees.

The principal objective for the meeting was to get the panel to validate and group the candidate formality indicators; each indicator was placed on a separate card. However, first the researcher asked the group to order the indicators into two piles, one for valid cards and one for invalid cards. The group was then asked to come to a majority consensus for each indicator (n=31), giving the indicator ultimate inclusion or exclusion within the final group, (see Appendix 3, for initial indicator list, inclusion and strength templates).

After the initial sort had been carried out this left twenty-five remaining indicators. The researcher then asked the panel to re-sort the remaining indicator cards into two further piles; those that they deemed strong indicators of organisational formality and those which were weak indicators of formality. Once the panel had grouped the cards
the researcher asked the group to discuss each candidate and reach a majority consensus on which indicators should be included or excluded from the stronger indicator pile. Of the remaining indicators, sixteen were considered strong and nine were considered weak by the expert panel, (see Appendix 4).

The expert panel were to be used, in the methodology, at a later date to validate the overall strategic character of the respondent organisations, ‘tight’ or ‘loose’, in regard to each individual organisation’s score across the sixteen stronger formality indicators triangulated with further research.

5.8.4.1 Expert panel judgement and ‘tight’ and ‘loose’ categorisation

The indicators were used in the analysis of the respondent organisations to support and make tangible the decision as to the nature of their strategic character. This was conducted around the following understanding; the level of structural formality within each focus organisation was dichotomised as either being, highly formalised and ‘tight’ or relatively informal and ‘loose’. Moreover, this dichotomy was used to identify the overall strategic character of the organisation as being either ‘tight’ or ‘loose’, thus unifying degree of formality and strategic character.

The overall categories of ‘tight’ and ‘loose’ were used to categorise the respondent organisations. This format was decided by the triangulation of the researcher’s fieldwork pertaining to the identification of formality attributes within the respondent organisations, interviewing, the validation of the formality attributes by the expert
panel and finally consensus about the overall strategic category given to the respondent organisation.

5.9 Methodology III – Capturing communication

In the previous section the nature of the relationship with structure and strategy was developed and the structural attribute of formalisation was utilised as a method of making the strategic character of the respondent organisations tangible. This consists of a number of pre-validated formality variables that can be observed within the respondent organisation and summarised around the typology of 'tight' and 'loose' strategic character. In this methodology the utility of communication behaviour as a medium through which to observe the relationship of strategy and contingency will be demonstrated. The primary objective of this methodology is to establish the diary instrument as a device through which to capture communication behaviour in regard to non-routine incidents in the multi-unit manager’s environment. In pursuit of this objective as given the methodology aim is given, based on the following statement:

- The measurement of communication behaviour and its utility in delineating the degree to which the strategy of the organisation absorbs contingency.
Main Objectives

- To devise an instrument to measure the extent to which strategy encompasses contingency within the multi-unit organisation.

- To this effect, capture multi-unit managers communication behaviour in regard to identification, analysis and solution acquisition of non-routine incidents, based around five sub components of the incident, these being:

1. The definition of the incident.
2. The source of the incident.
3. The severity of the incident.
4. The procedural nature of the incident
5. The communication complexity of the incident.

5.9.1 Methodology III research concepts

There are a number of research concepts utilised in this methodology, for the purpose of this study these are listed as discrete concepts or identified as pertaining to one of the three communication sub-components listed above:

- **Communication Behaviour** – The behaviour humans display in regard to communication stimuli.
- **Non-routine Incident** – An unplanned incident that is not defined within the incumbents operational remit and is not a regular occurrence.

- **Diary (Pro Forma)** – A document that captures self-administered testament in relation to a defined event or context.

5.9.1.1 *Concepts based around communication sub-components*

1. The definition of the incident

- **Event Description** – A statement describing the context of the event and its category, i.e., a Human Resource related communication incident – someone being fired for gross neglect.

- **Communication Event** - An occurrence that results in communication.

2. The source of the incident

- **Level** – The organisational level at which the communication event originates or terminates at. This will either be above, below, externally or at the same level as the Multi-unit manager.
• **Functional Area** – The organisational area at which the communication event originates or terminates at. This will either be head office, field operations, operations or other in regard to the multi-unit manager.

• **Communication Carrying Channel** – The communication channel used to transmit the event. This will wither be personal contact, mail, phone, e-mail, formal meeting.

3. The severity of the incident

• **Problem** – Whether the incumbent perceives the cause of the communication event to be a problem.

• **Immediacy** – The timeframe in which the incident will be dealt with.

• **Complexity** – The level of perceived complexity attached to the incident.

• **Severity** – The level of perceived level of seriousness placed upon the incident.

• **Event Repetition** – The perceived chance of the event being repeated in the future.
4. The procedural nature of the incident

- **Budget Implications** – Whether the solution to the incident has budget implications for the organisation.

- **Superior Approval** - Whether the solution to the incident requires approval from above the Multi-unit manager position.

- **Standard Procedure** – Whether the solution to the incident required the use of standard procedure.

5. The communication complexity of the incident

- **Follow-up Communication** – Whether in response to the incident the Multi-unit manager was involved in further communication throughout the organisation.

5.9.2 Methodological approach

To establish the extent to which organisational strategy encompasses environmental contingency in multi-unit organisations required the design and implementation of a method to observe and capture the dynamics of the relationship between strategy and contingency. In particular, meet the demands of the primary objective, which was to
analyse contingency, whose occurrence emanated from environmental contact at the operating boundary or unit level of the organisation.

This required the use of a research method, and analysis medium, to make the relationship transparent and able to capture the required data. For this purpose of this study, the best method of capturing the relationship between contingency and strategy was through the analysis of multi-unit manager communication behaviour.

In particular, the analysis of multi-unit manager communication behaviour in relation to the identification, analysis and solution acquisition of non-routine incidents. This observation of this communication behaviour in regard to non-routine incidents will demonstrate exactly what contingent issues respondent managers face and from this the degree to which strategy is aligned to the operating environment.

Initially, the multi-unit manager's awareness of organisational strategy has to be identified in a bid to ascertain whether strategy type is antecedent to the existence of contingency. The necessity that strategic awareness has to be established necessitates, and bases, the use of communication behaviour as a suitable variable to illustrate and capture this relationship.

Furthermore, communication behaviour has to be captured and analysed in relation to specific events. The type of event that will demonstrate the level to which strategy is encompassing contingency is a non-routine communication event. Inherent to the definition of a non-routine communication event is the understanding that the event is
not a planned, or routine, occurrence in the multi-unit manager’s day-to-day task environment.

Non-routine communication events demonstrate the existence of contingency within the day-to-day routine of the area manager. Non-routine event analysis is being utilised because the remit and the role of the multi-unit manager have not been pre-defined to include events of this description, which would imply contingency. However, if these events had been identified as causal before hand this may demonstrate that valid strategy had been formulated and implemented, in relation to the organisation’s environment, and was successful in encompassing contingency.

As a corollary to the above and to gain a greater understanding of the nature and effect of non-routine incidents within multi-unit organisations the analysis of the inherent degree of communication complexity attached to each communication event will be conducted. Communication complexity will consist of a dichotomy of simple and complex. The existence of greater communication complexity would suggest that the communication event was non-routine and that in response to it a greater number of external parties had to be contacted by the multi-unit manager and involved in regard to a solution.

5.9.3 Methodology III – the incident diary

The previous communication sub-components formed the guiding principle of the construction of the diary and its contribution to the study objectives. The following two pages (figure 5.4) display the main diary instrument that was developed for this.
NB, the initial human capital questionnaire that is contained in the first diary is not included in the following exhibit, (See Appendix 5):
Figure 5.4: The diary instrument

INCIDENT SHEET #0700-O1M8 (8)-D_IN-

TIME:                  DATE:

- Please describe the incident in your own words....

- From what level and functional area in the organisation was the incident reported to you?
  LEVEL
  ABOVE          SAME LEVEL           BELOW          EXTERNAL

FUNCTIONAL AREA
  HEAD OFFICE (i.e., Marketing, HR, Finance)
  FIELD OPS. (i.e., Auditors, Maintenance)
  OPERATIONS (i.e., Unit Managers, Brand)
  OTHER (i.e., Customers, Suppliers)

- How was the incident reported to you?
  PERSONAL CONTACT    MAIL    PHONE    E-MAIL    FORMAL MEETING

- Do you see the incident as a problem?
  YES      NO

- Will you attend to this?
  IMMEDIATELY    AT A LATER TIME

- On your first assessment of the incident is it?
  EASILY RECTIFIABLE
  DIFFICULT TO RECTIFY

- How serious are the consequences of this incident?
  NOT SERIOUS      SERIOUS      VERY SERIOUS

- Is a similar incident likely to occur in the future?
  YES      NO
- Does the solution have budget implications?
  - YES
  - NO

- Does the solution require approval from above?
  - YES
  - NO

- In dealing with this incident did you or will you follow a standard procedure?
  - YES
  - NO

- In dealing with this incident did you or will you communicate with other people in your organisation?
  - YES
  - NO

- If yes, in response to the incident to whom have you communicated? (Please give their job title, level and function area within the organisation)

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>ABOVE</th>
<th>SAME</th>
<th>BELOW</th>
<th>EXTERNAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUNCTION AREA</td>
<td>HEAD OFFICE</td>
<td>FIELD OPS</td>
<td>OPS.</td>
<td>OTHER</td>
</tr>
<tr>
<td>1.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5.9.4 The diary method

However, initially the day-to-day routine incidents and task environment of the multi-unit manager and the duties these entailed has to be analysed. In particular, the assessment of the communication behaviour of multi-unit managers over a period of time had to be observed to be able to determine patterns of behaviour in relation to routine events. Once routine communication behaviour is established non-routine communication behaviour can be identified.

However, because of time, access and resource requirements of direct observation the device of an instrument that could capture molecular communication behaviour in a self-administer manner had to be constructed. The instrument had to be able to record specific instances of communication behaviour and action taken over the duration of the incident. For these reasons the choice of instrument was a Pro Forma diary (see main research instrument, pp.246-247) that would be taken by the multi-unit manager on a non-consecutive daily basis over a fixed period.

The pro-forma diary allows the researcher the ability to impose a pre-defined structure upon the record keeping of the respondent. This is invaluable as the behaviour that was to be captured was specific and occurred in a definite behavioural domain. A diary provides a way of observing specific behaviour vicariously without observing it directly. Furthermore, the diary approach is also considered an efficient method of collecting data from the same respondent over a prolonged period of time and with a high degree of frequency. The main advantage of the diary technique is that it records events that are temporally ordered, recording actions and behaviour across time,
(Breakwell and Wood, 1998). The type of familiar iterative self-reporting that the diary technique provides is believed to encourage greater honesty and disclosure of personal behaviour from the respondents as the recording of it occurs without researcher intervention.

However, the diary inherently involves self-selection of material by the respondent in the production of the diary, which could cause an alteration in behaviour or action and result in respondent bias and error. Another key factor that inhibits diary use is that the respondents can see it as onerous if they are required to complete the diary over a long study period. Furthermore, the self-administrative aspect of the diary technique may be its greatest weakness. In particular, getting respondents to record accurate behavioural events may be difficult as there are weak external controls to leverage within this method to control content other than the diary design and instruction, (Breakwell and Wood, 1998).

The researcher concluded that the manager would only have to fill in the diary on non-consecutive days to minimise the repetition of event recording and maximise the chance of covering as many different days over a the fixed time period. The dairy would record the manager’s response and communication behaviour to a non-routine incident. This would include the context and description of the event, the communication pattern in regard to the event and the manager’s perception of it severity. Furthermore, the diary would also capture the process and communication behaviour in regard to the identification, analysis and solution acquisition of the non-routine event.
5.9.5 Initial observation period and incident template design

Initially, to gain an understanding of specific managerial behaviour in regard to contingent events the researcher observed a number of multi-unit managers from the respondent companies over a two week time period. The researcher recorded behaviour in regard to non-routine incidents, their context, their frequency and the specific manager's response. This gave the researcher a deeper insight into the dynamics of contingency in regard to the multi-unit manager's task environment.

This information was used to further establish a guideline to help determine a non-routine incident from that of a routine incident and to establish a definition for the properties of communication complexity within a given incident. The researcher then triangulated this new knowledge with the initial data gained from the observation periods with multi-unit managers and supporting formal corporate documentation.

From this knowledge base the researcher designed a template of diary communication metric configurations that would support the attributes of a non-routine communication, a routine communication event, an unclassified communication event and communication complexity. The incident metric template (figure 5.5) is as follows. The incident metrics are taken directly from the diary, pp.346-247:
### 5.9.6 Diary production

After the construction of the template there was the task of diary production and distribution. The diary was constructed using the variable given plus a contextual question that asks the respondent to describe the incident briefly. This allows for the
categorisation of the incident around the pre-defined skill and knowledge areas necessary for competent area management as given by Muller and Campbell (1990) (please see Chapter Three). The diary and supporting documentation and study management was devised and constructed around the guidelines given by Brakewell et al (1998). These are as follows:

1. Make the correct choice of diary recording medium.
2. Give comprehensive and comprehensible instructions for completion.
3. Pilot the diary instrument.
4. The diary should be straightforward and uncluttered.
5. Give respondents and example of a completed diary.
6. Ensure efficient ‘sample maintenance’ by keeping in frequent contact with the respondents to coach and answer any queries they may have.
7. Requiring diaries to have frequent entries provides better ‘sample maintenance’.
8. The use of techniques to ensure that respondents make entries when they are supposed to do so.

Initially, the diary was piloted in two of the respondent organisations before mass production to validate its content, construction and to test the ergonomics of its design and the logic of its overall utility within the research.

The pilot was conducted with four multi-unit managers over a four-day period. To raise awareness for the objectives of the study, and to gain interest in participation, required extensive travel, networking and corporate meetings. Originally, there were
six respondent organisations identified and contacted for participation. However, this number was reduced to three the countdown to the study progressed. Out of the errant organisation that did not follow through with the study there were a number of reasons, the first organisation pulled out because of imminent merger fears, the second because of possible disruption around a period of very poor financial results and finally, the third one was uncertain from the outset of commitment to the research and the overall anonymity of the multi-unit manager research data.

5.9.7 Respondent organisation study management

Three organisations signed up for the main study, as stated. It was communicated to the organisations that the study would take approximately five to six weeks to complete depending upon their managers' support. Initially, the researcher liaised with a senior manager within each organisation to negotiate and identify which and how many multi-unit managers would be available for participation in the study. After this stage ended the researcher then constructed a list of the participants who were informed by letter about the study. This letter included, a brief description of the research, some information about the researcher, some initial instructions as to the timetable and expectations of the research, contact information and an attached letter of authority from the senior manager authorising the study (see Appendix 6).

Furthermore, all of the organisations required additional contact and pre-coaching before being able to satisfactory proceed with the study. In two of the respondent organisations the researcher telephoned every respondent before hand and talked about the logistics of the study. In another the researcher attended and presented at all
of the organisation’s multi-unit manager team meetings. This proved to be an effective method for information delivery, as all of the respondents were available and any issues arising could be concluded within the group on the day. This proved invaluable and significantly reduced the replication of communication and distortion of message that occurs when priming the study for a start date across multiple geographically removed study recipients.

5.9.8. Respondent organisation diary distribution

A week before the study was due to start the researcher sent a pack containing fifteen numbered sequential diaries. Each diary was stapled to a stamp-addressed envelope so that each diary could be posted back with minimum effort. Furthermore, each diary contained ten non-routine incident forms. The researcher decided upon this number as the number of possible non-routine incident forms per diary after analysing the data from the multi-unit manager observation period. The most observed non-routine incidents in any one day were five. To allow for a high margin of error and diversity in organisations, this number was doubled to ten for the purpose of the study. The first diary also contained a human capital and operational information questionnaire for the respondent to complete, (see Appendix 5). The reason the first diary contained a human capital and operational questionnaire was to eliminate these two factors as independent variables impinging on the study, this will be explained fully in Methodology III approach two, part two.

The pack of fifteen diaries presented the respondents with only fifteen possible diary days. The respondents were instructed to start on the following Monday and take a
diary with them on non-consecutive days i.e., Monday, Wednesday and Friday in week one then continue on Tuesday, Thursday and Saturday in week two and so on for the remainder. This meant that the total diary period would be one month in total, depending on whether the respondents worked on weekends. Every diary had instructions upon the front of it (please see Appendix 7), a definition of a non-routine incident and the researcher’s contact details. It was also communicated to the respondents that they should post the diary back to the researcher regardless of whether or not a non-routine incident occurred on the diary day. The absence of non-routine incidents would be just as revealing as their existence within the research data would demonstrate perfect strategy in regard to multi-unit managers position, with contingency not being a component of the incumbent’s task environment.

5.9.9 Methodology III analysis framework

The main analytical framework of this methodology will be broken into three separate approaches each consisting of different underline assumptions, both approaches use the same basic underline variables and definitions to statistically analyse the data:

1. The first approach assumes that there is a relationship between the structure of the organisation and its strategic character.

2. The second approach analyses this relationship in a different manner. Approach two takes the analysis on a case-by-case basis and simply looks for significant difference between the three organisational cases and then by the managers of each organisational population.
3. The third approach analyses the relationship between the four meta-properties of contingent incident for joint association.

The first approach asks whether an organisation's strategy-structure relationship can be predicted from its handling of contingency. This will be conducted in two parts that will attempt to view this relationship in two directions.

Part one, will view the relationship from the bottom up, while part two will view it from the top down. To this effect, part one seeks to test the quality of random contingencies, based around five specific properties of a contingent incident, contained within a random sample of the total data to accurately predict the strategic character of the organisation that produced them. Furthermore, this analysis will seek to prove that there is a definite relationship and the degree of influence between the key structural properties of the communication incident and the strategic character of the organisation.

Part two, as a corollary of part one, takes the top down approach to analysis within the respondent multi-unit organisations. In particular, strengthening the research understanding of the strategy-structure and contingency relationship, the analysis will focus on the strategic character of the organisation and its ability to accurately give rise to specific patterns of contingency distributions. Fundamentally, part two seeks to answer the question of whether the strategic character of the organisation will determine the distribution of routine and non-routine communication events and communication complexity type.
Approach two in an orthogonal manner across the respondent organisations, will analyse the variance between the respondent organisations and manager populations and their relationship with the four meta-properties of a contingent incident on a case-by-case basis. As a corollary of approach two, part one, If a significant relationship is found among the managers then they will be tested by a number of human capital variables recorded and taken from the multi-unit manager diaries.

Approach three will take an overall view of the four 'meta-variables' and will look for association in joint variable relationships as a means of gaining further understanding of the dynamics of the structural components that make up a contingent communication incident.

5.9.9.1 Approach one part one – Strategic-structural character analysis

Approach one, part one, addresses directly the basic question of the research, which is:

- The primary objective is to test the relationship between contingent problems and the strategy and structure of the organisation.

To achieve this the study requires:
1. A template to be applied to the respondent organisations that will define an organisation as either ‘tight’ or ‘loose’ in strategic character (as discussed and demonstrated on pg238).

2. An operational set of communication incident structural measures.

The latter requirement breaks the communication incident down into applied combinations of its components. To achieve the primary objective of testing the relationship of strategy-structure and contingency the study attempts to predict the form of strategy-structure by the properties of random contingent incidents. The statistical technique required to achieve this is prediction from a random distribution of categorical data.

For the analysis framework there are two singular structural properties and four ‘meta-properties’ of any contingent communication incident that have been extracted from the diary questions and used in the analysis. The ‘meta-properties’ are modified from the structural properties of a contingent incident taken from the diary questions. All of the variables used in the analysis section are defined as follows, apart form the re-coding of meta-variables v2, v3, v5 and v6 that is undertaken in Approach Two:

- **Variable 1.** The definition of the contingent incident (INCODE) – This category is taken from diary question one in the diary and consists of six categories of problem. The property will be defined and coded as follows; HR (1), Finance (2), Operations (3), Safety and Facilities (4), Marketing (5) or Miscellaneous (6).
- **Meta-Variable 2.** The source of the contingent incident (INSOUC) –
  This meta-category is taken from diary questions two and three. The property relates to the source of the communication incident. Question two corresponds to the functional level of the incident: Above, Same Level, Below, External, whilst diary question three corresponds to the functional area of the incident source, Head Office, Field Operations, Operations and Other. This gives the following meta-category that is defined as, \( \text{Below} + \text{Operations} = \text{Expected} \) (1) and any other combination = \( \text{Unexpected} \) (2).

- **Meta-Variable 3.** The severity of the contingent incident (INCSER) –
  This meta-category is taken from diary questions five, seven and eight which ask whether the incident is perceived as a problem (Q5.), given as Yes and No, whether the incident is complex (Q7.), given as Difficult to Rectify or Easy to Rectify, and the incident’s inherent seriousness (Q8.), given as Not Serious, Serious and Very Serious. The combination of these categories will create the meta-property of seriousness, which will be defined as, \( \text{Problem} + \text{Difficult to Rectify} + \text{Serious or Very Serious} = \text{Serious} \) (2) and any other combination as Not Serious (1).

- **Variable 4.** The procedural nature of the contingent incident (INCSTDP) – This category is taken from diary question twelve and pertains to whether the incident’s solution was defined by standard procedure or not. This property will be defined as **Within Procedure** (1) or **Outside Procedure** (2).
- **Meta-Variable 5.** The communication complexity of the contingent incident (INCOM) - This category is taken from diary questions thirteen and fourteen onwards and pertains to whether follow-up communication was required to find a solution to the incident (Q13.) and if so to how many people was this communicated too (Q14.). This property will be defined as 'Simple' (1) if there are 0-1 people included in the follow-up communication and 'Complex' (2) if there are 1-4 people included in the follow-up communication.

- **Meta-Variable 6.** The routine nature of a contingent incident (ADJROUT) - This category is taken from diary questions ten and twelve, and asks whether the incident has 'Budget Implications' (Q10.), Yes or No, and whether 'Standard Procedure' was used (Q12.), Yes or No. The meta-variable pertains to whether the contingent incident was of a routine or non-routine nature. This property will be defined as; No Budget Implications + Standard Procedure Use = 'Routine' (1), Budget Implications + No Standard Procedure Use = 'Non-Routine' (2) and, any other combination = 'Unclassified' (3).

To discover exactly what would constitute evidence of a relationship between strategy-structure and contingency, and whether the strategic character of the respondent organisations can be predicted by the preceding contingent incident
components, will require the use of statistical methods of predictive association. In particular, the analysis of joint probability among categorical data distributions will be undertaken. Based on joint probability distribution the predictive test measures the error in prediction in one category from no knowledge of the other category and then knowledge. The joint probability test allows for the observation of relative change in predictive probability among category distributions and ascertains the change in the predictive ability of the categories singularly and combined (Hays, 1974).

To place this in the context of the research the test will be conducted as follows. Initially, the researcher will take a random sample taken from the total available population of contingencies. Then, to test if there is a significant difference between the independent communication incident components across the dependent organisational type populations, i.e., ‘tight’ and ‘loose’, the first five components (the sixth is used as a ‘super-category’ in approach one, part two) of a contingent communication incident will be each tested by chi-squared ($\chi^2$) analysis. Furthermore, if there is a significant difference discovered between the independent and dependent variables they will be tested within contingency tables to ascertain if there is any association between row and column variables.

The chi-squared ($\chi^2$) is a non-parametric test for use with nominal data and attempts to answer the central problem of ‘how one makes inferences about a population distribution in terms of the distribution obtained in the sample’, (Hays, 1974) pg718. The chi-squared ($\chi^2$) tests the observed frequency distribution with the expected distribution assuming the null hypothesis is true, (Caswell, 1991). The chi-square ($\chi^2$) is a ‘goodness of fit’ test in regard to the observed and the expected population
distribution. In this test the researcher only deals with mutually exclusive and exhaustive nominal categories while inference is made through an approximation of the exact multinomial probabilities of the distribution. The Chi-squared ($\chi^2$) test is a one tailed test and it establishes whether any observed differences between the observed distribution frequencies and the expected distribution frequencies have occurred other than by chance.

If a relationship is established between the strategic character of the organisation and each contingent property by chi-squared analysis each table will be converted into contingency tables to test for predictive ability of the communication properties. In converting a chi-squared to a contingency table may require the use of a Yates' continuity correction depending on how many degrees of freedom exist within the test variables. This is because the chi-squared distribution is assumed by the test to be continuous but the $\chi^2$ variable is always discrete because the observed frequencies can only be whole numbers, (Schweigert, 1994), pg201.

In presenting data for two or more qualitative variables, the data are displayed in a contingency table. The chi-squared ($\chi^2$) test for contingency tables is used to analyse two qualitative nominal categories tests for a relationship between attributes and possible statistical association. In a chi-squared ($\chi^2$) test for contingency tables is used to analyse, 'whether there is an association between the row variable and the column variable or, in other words, whether the distribution of individuals among the categories of one variable is independent of their distribution among the categories of the other', (Kirkwood, 1988), pg87.
The contingency table is an application of the Chi-square ($x^2$) test and tests frequencies of attributes, which are classified in two ways rather than one. Moreover, 'the contingency table shows the frequencies in each classificatory cell' (Caswell, 1991) pg256. Thus, the contingency table attempts to establish whether there is a link or association between the attributes being classified and their predictive quality or, the probability that the existence of one increases the existence of another. For example, in the study this can be demonstrated by the communication property of seriousness and the strategic character attribute. If the researcher wished to attain the degree of prediction the communication property seriousness, defined as 'serious' or 'non-serious', has in relation to strategic character the chi-squared ($x^2$) test for contingency tables would be used to display if there is a significant association.

If a significant association is found then the contingency table will be tested by a joint probability test to give the lambda ($\lambda$) value, which details the probability of the occurrence of a variable when a second variable is unknown and then the relative change in probability when the second variable is known. This test shows the variable's degree of association and probability of occurrence with a known other, i.e., is organisation character, 'tight' or 'loose', associated and predicted by the variable of 'communication seriousness' and to what extent? The following demonstrates the test utility in the study:

Example data set (modified from, (Hays, 1974), pg746):

<table>
<thead>
<tr>
<th></th>
<th>Serious ($A_1$)</th>
<th>Non-Serious ($A_2$)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tight $B_1$</td>
<td>.17</td>
<td>.23</td>
<td>.40</td>
</tr>
<tr>
<td>Loose $B_2$</td>
<td>.20</td>
<td>.40</td>
<td>.60</td>
</tr>
<tr>
<td></td>
<td>.37</td>
<td>.63</td>
<td>1.00</td>
</tr>
</tbody>
</table>
Using the previous example of seriousness and strategic character. Initially, the researcher is interested in decreasing the error in predicting strategic character, i.e., 'tight' or 'loose', when the category of seriousness is known, i.e., 'serious' or 'not serious'. If nothing is known about which category A the particular contingency belongs to we can bet on category B as a guide. Specifically, if we do not know the exact state of category A 'seriousness' then the highest probability of occurrence of category B 'strategic character' has to be used as a guide, which in the above case is 'loose' or \( (B_2) \) at .60, or

The largest probability in marginal distribution for B

\[
= \max_k p(B_k) = .60
\]

In this way predicting, whilst not knowing A, the probability of error is,

\[
= p (error/A \ unknown) = 1 - \max_k p (B_k)
\]

In the above example this is = .40

However, if a contingency case is drawn at random and attribute A is known, in this case it is 'Serious' \( (A_1) \), to predict which B class it will fall into,
\[
\max_k p(B_k/A) = \frac{.20}{.37} = .54
\]

Thus, the error in predicting strategic character, 'tight' or 'loose' from seriousness class 'serious' is,

\[
p(\text{error}/A_1) = 1 - \max_k p(B_k/A_1) = 1 - .54 = .46
\]

On the contrary, if we know the seriousness case was 'not serious' then the error, repeating the expression above, would be,

\[
= \frac{.40}{.63} = .64
\]

Therefore the error is,

\[
= 1 - .64 = .36
\]

Taken over all cases this would work out to be,

\[
p(\text{error}/\text{given } A) = p(\text{error}/A_1)p(A_1) + p(\text{error}/A_2)p(A_2)
\]

\[
= 1 - \max_k p(A_1B_k) - \max_k p(A_2B_k)
\]

\[
= 1 - .46 - .36
\]

\[
= 1 - .82 = .18
\]
In this example, this results in the knowledge that when the contingent case is not defined the probability of error is .40 or 40 percent. However when the contingent case is defined as 'serious' or 'not serious' the probability for error reduces to .18 or eighteen percent. This demonstrates a predictive relationship between seriousness as a property and strategic character. This method will be used across all of the communication properties to test for predictive association.

5.9.9.2 Approach one part two – Template applied to variable analysis

Approach one, part two, also addresses the basic question of the research, but giving analysis to the meta-categories of 'routine' and 'communication complexity':

- The primary objective is to test whether the strategic character of the organisation will determine the distribution of routine and non-routine communication events and the type of communication pattern displayed.

To achieve this the study requires:

1. A template to be applied to communication incidents that will define them as either 'routine', 'non-routine' or 'unclassified'.

2. A template to be applied to communication incidents that will define them as either 'simple' or 'complex'.
Stage one aimed to prove that a relationship exists between strategy-structure and contingency through the utility of predictive joint probability distribution to test for predictive attribute association within a random sample taken from the total sample. The next stage of the analysis framework will use the same random sample and will take a ‘top down’ approach to the analysis of the relationship and in particular seeks to answer the question, whether the strategic character, being ‘tight’ or ‘loose’, of the organisation can be used to determine the distribution of routine and non-routine communication events and communication complexity type within the sample.

The expected patterns of contingency distribution are founded upon two dichotomous ‘ideal types’. The first ideal type is based upon the nature of the incident, whether it is ‘routine’ or ‘non-routine’. The second ideal type is based upon the overall communication complexity of the incident. In particular, whether it is ‘simple’ or ‘complex’. The strategic character of the organisation will be tested against these ideal types in terms of distribution frequencies and will be analyse by variable cross-tabulation and simple cell frequency counts.

The first stage will be to classify the contingencies around the ideal types. For the first ideal type based around the concept of ‘routine’ and ‘non-routine’ this is shown in the following, which is based around diary questions 10 and 12: The code is given as (ROUTINE) and the scores are ‘Routine’ (1), ‘Non-Routine’ (2) and ‘Unclassified – i.e., any other combination’ (3).
Meta-Variable 6:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Non-Routine</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

The second ideal type is based around the concept of 'simple' and 'complex' communication complexity. This is coded as (INCCOM) or, the communication complexity of the incident. This category is taken from diary questions thirteen and fourteen onwards, pertaining to whether follow-up communication was required to find a solution to the incident and if so to how many people was this communicated too. This property will be defined as 'Simple' (1) if there are 0-1 people included in the follow up communication and 'Complex' (2) if there are 1-4 people included in the follow up communication.

Meta-Variable 5:

<table>
<thead>
<tr>
<th>Category</th>
<th>Q13. Follow-Up communication</th>
<th>Q14. Number of People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple</td>
<td>Yes/No</td>
<td>0-1</td>
</tr>
<tr>
<td>Complex</td>
<td>Yes</td>
<td>1-4</td>
</tr>
</tbody>
</table>

The next stage is to analyse distribution frequencies attained from the entire sample population and cross correlate the two dichotomous ‘ideal types’ with the three respondent organisations. Thus, producing two matrices. The first matrix will cross the three organisations, pre-defined as ‘tight’ or ‘loose’ in strategic character, with ‘routine’, ‘non-routine’ and ‘unclassified incidents’. This will create a three by three
matrix. This is displayed in the following matrix and will contain the proportional frequency of each variable occurrence within the cross-tabulation table:

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Routine</th>
<th>Non-Routine</th>
<th>Unclassified</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>?</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>D</td>
<td>?</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>E</td>
<td>?</td>
<td>?</td>
<td>?</td>
</tr>
</tbody>
</table>

The second matrix will cross the three organisations, pre-defined as ‘tight’ or ‘loose’ in strategic character, with ‘simple’ and ‘complex’ communication complexity. This will create a three by two matrix. This is displayed in the following matrix and will contain the proportional frequency of each variable occurrence within the cross-tabulation table:

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Simple</th>
<th>Complex</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>D</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>E</td>
<td>?</td>
<td>?</td>
</tr>
</tbody>
</table>

5.9.9.3 Approach two, part one – Communication variance analysis

Approach two addresses the issue of organisational and individual variation in the processing of communication incidents:
The primary objective is to test whether there is any difference in the way contingency is handled as portrayed by the communication variables across the three organisations.

The secondary objective is to test whether there is any difference in the way contingency is handled as portrayed by the communication variables across the managers within the sample.

As a corollary of the preceding objective, if significant difference is found between managers in the sample then the analysis of human capital factors, will be undertaken to identify possible intervening sources of independent influence in the between manager analysis. The analysis will look for the variable association and degree of influence.

To achieve this the study requires:

1. The use of the entire sample of contingent communication incidents.

2. The re-coding of the contingent communication ‘meta-variables’ (v2, v3, v5 and v6) to form an ordinal score. This will allow the meta-variables to be tested for variance under an ‘f’ and ‘t’ distribution.

3. The three organisations’ sample means tested for multiple comparisons of variance by one-way ANOVA f-test across each organisation by the four contingent meta-variables, (v2, v3, v5 and v6).
4. The use of a 'post-hoc' protected t-test to view the source of significance among organisations such as, Fisher's LSD (least Significant Difference).

5. The respondent managers' sample means tested for multiple comparisons of variance by one-way ANOVA t-test across each manager by the four contingent meta-variables, (v2, v3, v5 and v6).

6. The use of a 'post-hoc' protected t-test to view the source of significance among respondent managers such as, Fisher's LSD (least Significant Difference).

The following nominal variables will have to be re-coded to allow for ordinal variance analysis by ANOVA t-test. To accomplish this goal the binary positive or negative scores that are allowed within the nominal category definition will be converted into an ordinal scoring range. The following meta-categories, taken from diary questions about contingent communication, will be converted into the following scores:

- **Meta-Variable 2. The source of the contingent incident (INCSOURC)** – This meta-category is taken from diary questions two and three. The property relates to the source of the communication incident. Question two corresponds to the functional level of the incident source: Above, Same Level, Below, External, whilst diary question three corresponds to the functional area of the incident source, Head Office, Field Operations, Operations and Other. This
gives the following meta-category that is defined as, Below + Operations = Expected (1) and any other combination = Unexpected (2).

- **(Re-coded) Meta-Variable 2** The source of the contingent incident (INCSCOR). The category has a scoring range of 1-3 and is scored as follows: Any Other Variable Combination = 1, Below + Any Other Variable or Operations + Any Other Variable = 2, Below + Operations = 3

- **Meta-Variable 3.** The severity of the contingent incident (INCSER) – This meta-category is taken from diary questions five, seven and eight which ask whether the incident is perceived as a problem (Q5.), given as Yes and No, whether the incident is complex (Q7.), given as Difficult to Rectify or Easy to Rectify, and the incident’s inherent seriousness (Q8.), given as Not Serious, Serious and Very Serious. The combination of these categories will create the meta-property of seriousness, which will be defined as, Problem + Difficult to Rectify + Serious or Very Serious = Serious (2) and any other combination as Not Serious (1).

- **(Re-coded) Meta-Variable 3** The severity of the contingent incident (SERSCORE). The category has a scoring range of 1-7 and is scored as follows: (No Problem = 1 or Problem = 2) + (Easy To Rectify = 1 or Difficult to Rectify = 2) + (Not Serious = 1 or Serious = 2 or Very Serious = 3) = 1...7
• **Meta-Variable 5.** The communication complexity of the contingent incident (INCCOM) – This category is taken from diary questions thirteen and fourteen onwards and pertains to whether follow-up communication was required to find a solution to the incident (Q13.) and if so to how many people was this communicated too (Q14.). This property will be defined as 'Simple' (1) if there are 0-1 people included in the follow up communication and 'Complex' (2) if there are 1-4 people included in the follow up communication.

• **(Re-coded) Meta-Variable 5** The communication complexity of the contingent incident (COMSCOR). The category has a scoring range of 1-6 and is scored as follows: Zero Follow Up Communication = 1, One Follow Up Communication = 2, Two Follow Up Communications = 3, Three Follow Up Communications = 4, Four Follow Up Communications = 5 and Five Follow Up Communications = 6.

• **Meta-Variable 6.** The routine nature of a contingent incident (ROUTINE) – This category is taken from diary questions ten and twelve, and asks whether the incident had 'Budget Implications' (Q10.), Yes or No and whether 'Standard Procedure' was used (Q12.), Yes or No. The meta-variable pertains to whether the contingent incident was of a routine or non-routine nature. This property will be defined as; No Budget Implications + Standard Procedure Use = 'Routine' (1), Budget Implications + No Standard Procedure Use = 'Non-Routine' (2) and, any other combination = 'Unclassified' (3).
• **(Re-coded) Meta-Variable 6** The routine nature of a contingent incident (ROUTSCOR). The category has a scoring range of 1-3 and is scored as follows: No Budget Implications + Standard Procedure Used = 1, Budget Implications + Standard Procedure Not Used = 3, Any Other Variable Combination = 2,

Approach two makes the same assumption as approach one, that there is a relationship between structural-strategic characteristics and contingency, but uses a different approach to the analysis that discounts strategic character presumption. Approach two in an orthogonal manner across organisations, will analyse variance across the organisations, in regard to their relationship with the four meta-properties of a contingent incident, on a case-by-case basis. After the organisations have been analysed the managers will then be analysed for significant difference in relation to the four meta-properties of a contingent incident. In separation to approach one, approach two treats the individual organisations, without strategic presumption, and individual managers, as being causal in regard to the manner in which they handle contingency and process contingent communication.

The ANOVA t-test is an inferential statistical test and will allow for the analysis of relationship between each organisation, and then each manager, and the four meta-properties of a contingent incident and will test for significance difference between organisational populations. Furthermore, an *a posteriori* protected t-test, such as a Fisher's LSD, will be conducted to locate the source of significance within the variables.
To analyse multiple group means and variance precludes the use of an independent samples t-test and prescribes the use of a multiple comparisons test, such as a one-way ANOVA f-test. T-tests are not suitable when comparing more than two means because of the issue of inflation of the alpha (α) value, and the increasing probability of making a Type I error. For example, if one were to take four group means and conduct six t-tests, in analysis, the α value would, according to the error formula $1 - (1 - α)^6$, inflate to .265 or 26.5% chance of making a Type I error, (Schweigert, 1994), pg209. This error is greatly reduced by using an ANOVA and the f-statistic. The ANOVA also has an additional advantage of reducing Type II error because all the scores from all of the groups are included in the analysis, while in a t-test it is only the two means being compared that are included.

The ANOVA is simpler in its approach, and closely related, to the more general 'Multiple Regression'. 'Both approaches give identical results, but because of its generality multiple regression involves more complicated calculations and is therefore less efficient in these simpler situations', (Kirkwood, 1988), pp47. The ANOVA is used in research designs that contain an independent variable with more than three levels. The ANOVA f-test analyses variance within and between data groups and detects if there is significant difference between the data groups. However, the ANOVA will not delineate which specific groups are significant, only whether there is significant difference in the overall data. For analysis of the variable source of significance an a postoriori test, such as a protected t-test, must be used to classify the cause.
Tests of variance make specific assumptions about the data. These assumptions are as follow, modified from, (Howell, 1997), pg302:

1. **Homogeneity of variance** – a fundamental assumption underlying the analysis of variance is that the analysed data populations have the equal variance.

2. **Normality** – analysis of variance also assumes that the scores for each variable are normally distributed around their respective means.

3. **Independence of Observations** – The third assumption is that all the observations are independent of one another or, ‘Thus for any two observations within an experimental treatment, we assume that knowing how one of these observations stands relative to the treatment (or population) means tells us nothing about the other population’.

The ANOVA must not violate the basic assumptions given above. To test for homogeneity of variance the researcher can use the Levene Statistic, which is given as a significance value, values above >.05 are considered to provide evidence against heterogeneity of variance within the data. The ‘least-squares’ approach can be used as a restrictive variance test for unequal sample sizes. Within the ANOVA most of the computation for analysis of variance and the variability of the data, within and between groups, are derived from ‘sum of squares’ SS (squared deviation scores) calculations within the ANOVA f-test. The SS calculations are used to analyse
variability in the data and used to calculate the estimated population variances the f-test uses.

As previously demonstrated, the ANOVA f-test makes the assumption that all the populations have equal variance and also assumes that there is an estimated common population variance or \( \sigma^2 \). From this assumption the test calculates \( MS_{\text{error}} \) (or Mean Squares of Error), \( \sigma^2 \) within group. The within group estimate makes no assumption about the \( H_0 \) being true or false. However, the next stage of the calculation requires an assumption to be made about the \( H_0 \) being true. The between groups estimate is defined in the \( MS_{\text{effect}} \) (or Mean Squares Error of Effect), \( \sigma^2 \) between groups. The ANOVA f-test then uses these two estimates of the population variance (one that is independent of \( H_0 \) and one that is dependent upon \( H_0 \)) to calculate the F-statistic. If the two estimates are equal then the researcher cannot reject the \( H_0 \). If there is disagreement between these two estimates, 'we conclude that underlying treatment differences must have contributed to our second estimate, inflating it and causing it to differ from the first. Therefore, we reject \( H_0 \)', (Howell, 1997), pp305. Finally, the F-statistic or ratio is found by the following formula:

\[
F = \frac{(MS)\sigma^2_{\text{error}} + (MS)\sigma^2_{\text{effect}}}{(MS)\sigma^2_{\text{error}}} = \frac{(MS)\sigma^2_{\text{between-groups}}}{(MS)\sigma^2_{\text{within-groups}}}
\]

If the F-statistic is > 1, then depending on the critical value for the F-distribution and degrees of freedom for the denominator and numerator, \( H_0 \) can be rejected. The F-statistic illustrates to the observer whether there is a significant difference in the populations of dependent variable scores, caused by variation in the independent
variable, but does not illustrate the amount of variation the independent variable caused among the groups. To locate this information requires the use of the eta-squared ($\eta^2$) value. This value is converted into a percentage and is found by dividing the $SS_{between}$ groups value by the $SS_{total}$ value, (Howell, 1997), pg331. The interpretation of the $\eta^2$ value gives the percentage of variation in scores that is accounted for by the independent variable.

To identify the actual source of the significant difference among the group of means in the ANOVA the researcher will use an *a posteriori* protected t-test, such as Fisher's LSD or Tukey's HSD. For example, Tukey's HSD and Fisher's LSD tests allow the researcher to make pairwise comparisons among sample values without risking $\alpha$ value inflation, which is a serious issue when using an independent sample t-test. The $\alpha$ value inflates rapidly in a t-test that compares more than two samples, increasing the possibility of making a Type I error. Fisher's LSD first requires the use of the ANOVA f-test to run the data although, Tukey's HSD can be conducted without the use of a preliminary ANOVA. In a similar manner to the ANOVA f-test, Fisher's LSD and Tukey's HSD allow the $\alpha$ value to be protected at .05 (95% confidence level). However, this conservatism in regard to the $\alpha$ value can reduce the overall power of analysis within the test, (Schweigert, 1994), pg219.

The logic behind such tests are that the between group means are arranged in order of magnitude. From this the smallest mean is subtracted form the largest to produce an array, the larger the array the larger the possible variance. The pairwise difference must exceed a critical difference (CD) value, (Kinnear and Gray, 1999), 186. If the statistical value is greater than the critical value ($\alpha = .05$) then the difference is
significant. From the pairwise comparisons and significant difference (SD) values the test will identify the source and level of significance in multiple data groups. The data contains three individual sample groups and for this reason the Fisher’s LSD will be the first test of choice for ‘post-hoc’ analysis. It does not perform as well as Tukey’s in data containing more than three sample means because the \( \alpha \) value inflates. However, this will only become an issue within the second ANOVA analysis, the manager populations, as there are only three respondent organisations in the first ANOVA. Fisher’s LSD has been shown by Carmer and Swanson (1973), (Carmer and Swanson, 1973), to be a robust test that performs well under many circumstances.

5.9.9.4 Approach two, part two – Human capital and demographic analysis

As a corollary of part two, If a significant relationship is found among the managers means in the analysis of variance then the population will be tested by a number of human capital and demographic variables, recorded and taken from the multi-unit manager diaries, for significant difference and association.

- The primary objective is the measurement of the significant difference of human capital factors and the variance in contingent communication variables.

To achieve this the study requires:

1. The use of the entire sample of multi-unit managers’ human capital scores.
2. The use of chi-squared ($\chi^2$) test for the analysis of significant association between independent human capital and demographic variables and dependent communication incident components, using the nominal $v2$, $v3$, $v5$ and $v6$ coded variables.

3. If a significant association is found between the human capital and demographic variables and the incident components then the reduction of probability error in joint association will be tested by the use of a contingency table.

The statistical methods required for this annex have been explained in detail in approach one, part one, pg42. The utility of these tests will assist in the development of enhanced understanding of possible variance seen among the organisations and the respondent managers within them. This variance could find its antecedent causation in difference in human capital properties among the incumbents. For example, the age of the respondent and the manner in which they handle forward communication may be different across the group. Four human capital variables that could explain such variance will be tested, which are: age, training, total time length in career and length in current role.
5.9.9.5 Approach three – correlative analysis of contingent variables

Approach two, part two, will take an overall view of the contingent variables and will look for correlative relationships between them.

- The primary objective of this analysis is to identify correlation between the meta-variables within the sample population.

To achieve this the study requires:

1. The use of the entire sample of meta-variable communication scores (v2, v3, v5 and v6) to test them for correlative relationships.

The four recoded ordinal meta-variables will be analysed in pairs to test for joint association within the data populations. The best method for testing such data relationships is by using a test for variable correlation and shared variance determination. Correlation is generally misunderstood, as a research design it is used in a situation where the researcher has no control over the phenomena being investigated, so requires a correlational design. Correlational design is used whenever the independent variable is the subject variable, irrespective of the data analysis. The previous factors are reasons why the following quote is often said, ‘correlation does not imply causation’, (Grimm, 1993), pg363.

However, some correlation designs can show differing power in general analysis of causation vis-à-vis specific association strength, i.e., point-biserial correlation,
although, they are still particularly open to confounding or intervening variable effect. Causation can be implied with greater validity in an experiment where the researcher may have direct control over one or more variables. Correlation as a statistical test shows the degree of association between two subject variables, (Schweigert, 1994). Correlation provides the observer with necessary information about relationship between variables and is often used in the establishment of reliability and validity in measurement.

The formula used to calculate correlation is the Pearson’s product-moment correlation coefficient ($r$). The correlation coefficient $r$ is an index of the strength of association between two variables and can only range from $-1$ to $+1$, i.e., $+.91$ would show a strong positive correlation coefficient $r$ score. The larger the coefficient value of correlation, then the stronger the association is between the two subject variables. However, the $r$ statistic is an estimate of the population correlation statistic rho ($\rho$).

To calculate $\rho$ coefficient, two scores, corresponding to the subject variables, are taken from each observation, and then the pairs are placed in a bivariate distribution. The correlation test distribution, as with other statistical distributions, is plotted on a graph that allows the distribution of $X$, the abscissa and predictor variable, and $Y$, the ordinate and criterion variable. In the correlation test the raw standard deviations of the $X$ and $Y$ variable are transformed into z-scores. All scores above the distribution mean transform into positive z-scores and all scores below the mean transform into negative z-scores. The null and alternative hypotheses in correlation tests are bound by the following understanding; $H_0: \rho = 0$  $H_1: \rho \neq 0$
\[ p = \frac{\sum(Z_X Z_Y)}{N_p} \]

However in most cases the \( r \) statistic is used as it is less arduous a calculation than z-score calculation and the population statistic \( p \). The data is then placed in the following formula to deliver the strength of correlation coefficient (\( r \)):

\[ r_{obs} = \frac{n_{(\Sigma XY)} - (\Sigma X)(\Sigma Y)}{\sqrt{n(p)(\Sigma X^2) - (\Sigma X)^2} \cdot \sqrt{n(p)(\Sigma Y^2) - (\Sigma Y)^2}} \]

To test for whether the finding for \( r \) is significant requires the use of a t-test and then compare the t-statistic to given critical values for confidence levels. The calculation is defined in this case as, (Kirkwood, 1988), pg60:

\[ t = r \sqrt{\frac{n-2}{1-r^2}}, d.f. = n-2 \]

Just as \( \eta^2 \) is the index of effect within the ANOVA f-test, the \( r^2 \) coefficient of determination delivers the amount of variation of the Y variable that is accounted by the X variable. However, because \( r^2 \) is a bi-directional concept...[it] can be stated as the amount of X variable, which is accounted for by (sic) variation in the Y variable', (Grimm, 1993), pg374. Otherwise known as shared variance or, the amount of change in one variable is accountable to changes in the other. If the correlation is X, then the coefficient of determination \( r^2 \) is determined by \( X^2 \times 100 \) and is expressed as a percentage.
5.10 Reference list


CHAPTER SIX
FINDINGS
6.0 Findings Chapter

6.1 Introduction and objectives

This chapter details the findings of the research methodology described in the previous chapter. The presentation of the findings will be conducted in three main approaches. However, initially descriptive statistics will be used to detail the sample. The objectives can be summarised as:

1. To investigate the relationship between the management of contingency and the organisational character of strategy.

2. To investigate the relationship between the management of contingency and the organisational character of strategy across individual organisations.

3. To investigate the relationship between the management of contingency and the organisational character of strategy across individual managers.

4. To investigate possible data relationships between key analysis variables.

The specific propositions, and pertaining hypotheses, will be fully detailed in this chapter at their location of occurrence within the analysis. The chapter will be structured and represented by the following main sections:
- Analysis framework
- Description of the Sample
- Approach One Analysis
- Approach One Summary
- Approach Two Analysis
- Approach Two Summary
- Findings Summary

6.2 Analysis framework

The statistical findings of the methodology are based around three discrete approaches that are outlined in detail in the previous chapter. The approaches are summarised in the following part.

The three approaches:

1. **Approach one** uses a random sample approach in which the typologies used to identify the companies can be ascertained from the way contingencies are handled. In other words, it seeks to identify the companies from the way they handle a random sample of contingencies.

2. **Approach two** working from the companies as three separate ‘cases’ and then the individual managers aims to identify variety in the way contingencies are handled between each company. Furthermore, approach two also seeks to
identify possible significant difference among communication incident components and human capital factors within the manager population.

3. **Approach three** analyses the question of a possible correlative relationship between the four key meta-variables of an incident.

### 6.2.1 The analysis framework structural legend

The following summary Figures 6.1, 6.2 and 6.3 given on this page and the next detail and illustrate the structure of the three approaches contained within the analysis framework.

*Figure 6.1: Analysis approach one structural legend*

```
Approach One
Part one
  Random sample of 'tight' & 'loose' by the 5 contingent variables
Part two
  Random sample of 'tight' & 'loose' by 2 contingent variables
Part Three
  Total sample of 'tight' & 'loose' by 2 contingent variables
```
6.2.2 Analysis variable description

The three approaches use the same contingency variables as defined in the previous methodology chapter. In both approaches the identical six variable definitions are used to form the components of analysis. However, it is important note that, in approach two and three, four of the variables are converted from nominal categories into ordinal scales by scoring the individual elements that are elements of the composite categories v2, v3, v5 and v6. This re-coding is given in detail in the previous chapter, pp271-272. The six basic variables of use in this study are given as:

- **Variable 1.** The definition of the contingent incident (INCODE) – This category is taken from diary question one in the dairy and consists of six categories of problem. The property will be defined and coded as follows; *HR*
(1), Finance (2), Operations (3), Safety and Facilities (4), Marketing (5) or Miscellaneous (6).

- **Meta-Variable 2.** The source of the incident (INCSOURC) – This meta-category is taken from diary questions two and three. The property relates to the source of the communication incident. Question two corresponds to the functional level of the incident source, classified as: Above, Same Level, Below, External, whilst diary question three corresponds to the functional area of the incident source, Head Office, Field Operations, Operations and Other. This gives the following meta-category that is defined as, Below + Operations = Expected (1) and any other combination = Unexpected (2).

- **Meta-Variable 3.** The severity of the incident (INCSER) – This meta-category is taken from diary questions five, seven and eight which ask whether the incident is perceived as a problem (Q5.), given as Yes and No, whether the incident is complex (Q7.), given as Difficult to Rectify or Easy to Rectify, and the incident’s inherent severity (Q8.), given as Not Serious, Serious and Very Serious. The combination of these categories will create the meta-property of severity, which will be defined as, Problem + Difficult to Rectify + Serious or Very Serious = Serious (2) and any other combination as Not Serious (1).

- **Variable 4.** The procedural nature of the incident (INCSTDP) – This category is taken from diary question twelve and pertains to whether the incident’s solution was defined by standard procedure or not. This property will be defined as Within Procedure (1) or Outside Procedure (2).

- **Meta-Variable 5.** The communication complexity of the incident (INCCOM) – This category is taken from diary questions thirteen and fourteen onwards and pertains to whether follow-up communication was required to find a solution to the incident (Q13.) and if so to how many people
was this communicated to (Q14...). This property will be defined as 'Simple' (1) if there are 0-1 people included in the follow up communication and 'Complex' (2) if there are 1-4 people included in the follow up communication.

- **Meta-Variable 6.** The routine nature of a contingent incident (ADJROUT) – This category is taken from diary questions ten and twelve, and asks whether the incident has ‘Budget Implications’ (Q10.), Yes or No, and whether ‘Standard Procedure’ was used (Q12.), Yes or No. The meta-variable pertains to whether the contingent incident was of a routine or non-routine nature. This property will be defined as; No Budget Implications + Standard Procedure Use = ‘Routine’ (1), Budget Implications + No Standard Procedure Use = ‘Non-Routine’ (2) and, any other combination = ‘Unclassified’ (3).

### 6.3 Basic description of the sample

The survey sample consists of three individual multi-unit organisations containing thirty-four multi-unit managers delivering four hundred and seventy seven non-routine incidents over a total period of five weeks. The average number of incidents reported by the managers in the sample was 14.4 (min = 1, max = 97). A self-administered pro-forma diary, containing questions about communication behaviour and perception in regard to contingency, was used to collect the data. The sample would have contained fifty managers in total but sixteen did not partake in the study, leaving a population of thirty-four in total.

Organisation A and B were used in the exploratory study and for this reason were not included in the main study, as explained in the previous chapter. The three remaining
individual respondent organisations that were included in the main sample are defined in the following, as:

1. **Organisation C** is a popular High St restaurant chain operating two major brands within its portfolio. However, this study only concentrates on the larger of two brands.

2. **Organisation D** is a subsidiary of a large global food service organisation and operates two brands within its remit, one restaurant brand and one lodging brand. The multi-unit managers within this organisation have responsibility over both brands, so consequently the study concentrates and incorporates both of these brands.

3. **Organisation E** is a subsidiary of a large global media organisation and operates a popular mid-service lodging brand.

The pro-forma diaries were given to the respondent multi-unit managers within the organisations to be taken with them on alternate working days. The diaries contained a number of incident sheets (n=10) with one sheet being completed with regard to an individual incident. Two of the organisations were split into northern and southern managers. However, this split is not reflected in the following analysis and is only for use within anonymous internal analysis within the respondent companies.
6.4 Basic Descriptive Analysis

The following section will analyse the entire multi-unit manager sample through the basic breakdown of the data by descriptive statistics. The section will analyse factors in the sample such as respondent demographics, operational and unit characteristics and human capital and tenure factors.

6.4.1 Respondent organisation sample analysed by the number of respondent multi-unit managers

Figure 6.4 shows the entire sample displayed across individual organisation by number of multi-unit managers.

In figure 6.4 there is an obvious distribution variance within the sample, organisation C has 6 respondent managers, where as organisation E has 15 respondent managers. The relative sizes of the organisations, which are not proportionate, and the issue of lengthy access over the duration of the study to the respondent multi-unit managers,
may explain the asymmetry in sample respondents. Furthermore, in light of these factors any inferences made about the sample and respondent organisations have to be made with this understanding.

**6.4.2 Respondent organisation and multi-unit manager sample analysed by age**

Figure 6.5 displays the entire sample (n=34) across the three individual organisations analysed by the age of respondents.

![Figure 6.5: Organisations analysed by multi-unit manager age](image)

Figure 6.5 shows the distribution of ages within the respondent organisations. Furthermore, it is apparent that the majority of the sample managers (68%) fall between the ages of thirty to forty-five years of age. The average age of a multi-unit manager in the sample is thirty-nine years of age, the youngest manager is twenty-six
years old and the oldest is fifty-one years of age. The age distribution in the sample may be due to the average age that a manager is recruited into the role of multi-unit manager. The absence of post fifty year olds could be due to the transition of multi-unit manager to another role such as, operations director or a head office functional role. However, there are relatively fewer roles above the multi-unit manager in most multi-unit organisations. For example, in a modern multi-unit organisation there are likely to be only one or two senior positions above the role of multi-unit manager in multi-unit operations, (please see Chapter 4 for more details).

**6.4.3 Respondent organisation and multi-unit manager sample analysed by gender**

Figure 6.6 shows the sample displayed across individual organisation by the gender of the multi-unit managers.

![Figure 6.6: Organisations analysed by multi-unit manager gender](image)

Figure 6.6 clearly shows the asymmetry in the representation of female incumbents in the respondent multi-unit organisations. This is most pronounced in organisation E, which did not contain any female respondents in the sample. This is interesting as the
sample in organisation E was randomly sampled from all of the available multi-unit managers. The role of multi-unit manager in this industry has traditionally shown the asymmetry in gender of incumbent and has been reported by a number of researchers, (Goss-Turner, 1997; Muller and Campbell, 1995).

6.5 Respondent organisation and multi-unit manager sample analysed by operational characteristics

The following analysis will look at the operational factors that impinge on the data sample and will seek to explain the functional aspects and variance in the data set through a number of different analytical views.

6.5.1 Respondent organisation and multi-unit manager sample analysed by monthly sales

The following figure 6.7 shows the sample displayed across individual organisation by the average monthly sales of multi-unit managers.
Figure 6.7 shows the distribution of operational size as measured by average monthly sales revenue across the thirty-four multi-unit managers within the three respondent organisations. There is wide variance between the three organisations. This is partly explained by the nature and size of the respective organisations. For example, organisation C, which is a high street restaurant, has smaller units with lunch and dinner customer time peaks. On the contrary to organisation D, which offers restaurant and lodging facilities to travellers on the UK roads with differing peak times and extended hours of operation. Organisation E provides a mid-scale popular lodging brand, which in comparison to the other two organisations offers significantly larger units, more expensive products and higher service pricing. The two organisations that offer both accommodation as well as dining generally have a larger operational size and a greater daily operating period.

The delineation of territory by certain methods such as, simple geographic division, operational importance or operational scale is an aspect of all three organisations. Organisation C divides its territory by geographic area. However, organisations D and
E used a mixture of operational size and geographic division to define their multi-unit managers' operating territory. The other factor that affected the sample was the number of restaurant and/or accommodation units contained within each multi-unit manager's territory.

### 6.5.2 Respondent organisation and multi-unit manager sample analysed by operational sales and size

Table 6.1 below shows the areas split by organisation and multi-unit manager. Some of the figures were given as aggregated figures and have been left so, *(please note that respondents were given the right to refuse to offer financial information)*:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>12</td>
<td></td>
<td>£500,000</td>
<td>£77,000</td>
<td>£21,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>C2</td>
<td>12</td>
<td></td>
<td>£150,000</td>
<td>£30,000</td>
<td>£5,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>C3</td>
<td>10</td>
<td></td>
<td>£80,000</td>
<td>£31,000</td>
<td>£15,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>C4</td>
<td>10</td>
<td></td>
<td>£560,000</td>
<td>£128,000</td>
<td>£26,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>C5</td>
<td>10</td>
<td></td>
<td>£365,000</td>
<td>£110,000</td>
<td>£15,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>C6</td>
<td>7</td>
<td></td>
<td>£250,000</td>
<td>£47,000</td>
<td>£28,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>D1</td>
<td>23</td>
<td>5</td>
<td>£1,000,000</td>
<td>£64,990</td>
<td>£15,070</td>
<td>£40,900</td>
<td>£21,590</td>
</tr>
<tr>
<td>D2</td>
<td>27</td>
<td>7</td>
<td>£1,000,000</td>
<td>£43,000</td>
<td>£11,000</td>
<td>£79,000</td>
<td>£26,000</td>
</tr>
<tr>
<td>D3</td>
<td>23</td>
<td>8</td>
<td>£600,000</td>
<td>£80,000</td>
<td>£8,000</td>
<td>£47,000</td>
<td>£16,000</td>
</tr>
<tr>
<td>D4</td>
<td>27</td>
<td>4</td>
<td>£620,000</td>
<td>£76,000</td>
<td>£12,000</td>
<td>£30,000</td>
<td>£12,000</td>
</tr>
<tr>
<td>D5</td>
<td>23</td>
<td>8</td>
<td>£195,000</td>
<td>£15,000</td>
<td>£4,000</td>
<td>£12,000</td>
<td>£59,000</td>
</tr>
<tr>
<td>D6</td>
<td>22</td>
<td>9</td>
<td>£1,400,000</td>
<td>£270,000</td>
<td>£21,000</td>
<td>£75,000</td>
<td>£22,000</td>
</tr>
<tr>
<td>D7</td>
<td>23</td>
<td>10</td>
<td>£800,000</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>D8</td>
<td>18</td>
<td>3</td>
<td>£157,060</td>
<td>£120,000</td>
<td>£12,000</td>
<td>£7,500</td>
<td>£3,500</td>
</tr>
<tr>
<td>D9</td>
<td>22</td>
<td>6</td>
<td>£718,141</td>
<td>£150,000</td>
<td>£160,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>D10</td>
<td>15</td>
<td>6</td>
<td>£150,000</td>
<td>£120,000</td>
<td>£13,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>D11</td>
<td>11</td>
<td>3</td>
<td>£400,000</td>
<td>£48,000</td>
<td>£12,000</td>
<td>£30,000</td>
<td>£20,000</td>
</tr>
<tr>
<td>D12</td>
<td>22</td>
<td></td>
<td>£650,000</td>
<td>£62,000</td>
<td>£20,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>D13</td>
<td>26</td>
<td>10</td>
<td>£280,000</td>
<td>£18,000</td>
<td>£2,500</td>
<td>£18,000</td>
<td>£6,000</td>
</tr>
<tr>
<td>E1</td>
<td>5</td>
<td></td>
<td>£1,600,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£600,000</td>
<td>£200,000</td>
</tr>
<tr>
<td>E2</td>
<td>5</td>
<td></td>
<td>£1,200,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£450,000</td>
<td>£160,000</td>
</tr>
<tr>
<td>E3</td>
<td>1</td>
<td></td>
<td>£700,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£700,000</td>
<td>£700,000</td>
</tr>
<tr>
<td>E4</td>
<td>5</td>
<td></td>
<td>£1,700,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£700,000</td>
<td>£200,000</td>
</tr>
<tr>
<td>E5</td>
<td>4</td>
<td></td>
<td>£750,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£60,000</td>
<td>£23,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>E6</td>
<td>7</td>
<td>£1,500,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£300,000</td>
<td>£120,000</td>
<td></td>
</tr>
<tr>
<td>E7</td>
<td>6</td>
<td>£2,000,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£500,000</td>
<td>£200,000</td>
<td></td>
</tr>
<tr>
<td>E8</td>
<td>4</td>
<td>£1,300,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£500,000</td>
<td>£300,000</td>
<td></td>
</tr>
<tr>
<td>E9</td>
<td>7</td>
<td>£1,800,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£450,000</td>
<td>£300,000</td>
<td></td>
</tr>
<tr>
<td>E10</td>
<td>2</td>
<td>£375,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£300,000</td>
<td>£88,000</td>
<td></td>
</tr>
<tr>
<td>E11</td>
<td>1</td>
<td>£300,000</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>E12</td>
<td>2</td>
<td>£950,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£650,000</td>
<td>£300,000</td>
<td></td>
</tr>
<tr>
<td>E13</td>
<td>3</td>
<td>£890,000</td>
<td>N/A</td>
<td>N/A</td>
<td>£333,000</td>
<td>£150,000</td>
<td></td>
</tr>
<tr>
<td>E14</td>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>E15</td>
<td>1</td>
<td>£1,300,000</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>16</td>
<td>6</td>
<td>£782,127</td>
<td>£81,110</td>
<td>£22,309</td>
<td>£263,609</td>
<td>£122,345</td>
</tr>
<tr>
<td><strong>Min</strong></td>
<td>7</td>
<td>1</td>
<td>£80,000</td>
<td>£15,000</td>
<td>£2,500</td>
<td>£7,500</td>
<td>£1,000</td>
</tr>
<tr>
<td><strong>Max</strong></td>
<td>27</td>
<td>10</td>
<td>£2,000,000</td>
<td>£700,000</td>
<td>£160,000</td>
<td>£700,000</td>
<td>£700,000</td>
</tr>
</tbody>
</table>

In table 6.1 the variance in the operational figures is sizeable and explained by the organisational factors discussed before. The effect of these can be seen in the basic distribution of operating units among multi-unit managers, i.e., one manager controls seven units and another controls thirty-six units. In terms of organisational distribution of unit numbers, organisation D seems to have the highest average number of units with twenty-seven units per manager. Organisation C has an average distribution of ten operating units per manager; organisation E has an average of four operating units per manager.

Organisation D’s larger average distribution of units per manager can be explained, partially, by the fact that many of these units are of mixed brands and clustered upon each roadside location. Moreover, many of organisations D’s units are quite small in physical and operational size, especially the branded quick service restaurant units. Organisation E, conversely, has a much lower average number of units per manager and can be explained by their physical and operational size and complexity. Organisation C has an average of ten operating units per manager and fall somewhere in between the other two organisations both in physical and operational size.
Within the operational data the difference between the largest hotel, operating at £700,000 per average month sales, and the smallest hotel, operating at £3,500 per average month sales, is sizable. This is also reflected in the restaurant data with the largest restaurant, operating at £270,000 average monthly sales, and the smallest restaurant, operating at £270,000 average monthly sales.

6.6 Multi-unit manager sample analysed by human capital characteristics

The following descriptive analysis looks at the human capital characteristics of the respondent multi-unit managers in the sample. In this respect, it analyses the managers’ educational background, career tenure and formal training pertaining to the multi-unit manager role.

6.6.1 Multi-unit manager sample analysed by educational background

The sample contained six (20.4%) managers that had no further education after secondary school. From the remaining twenty-eight (79.6%) managers that had undergone further education the distribution of the highest qualification obtained by the group is as follows in Figure:
Figure 6.8 highlights the nature of the educational background of the incumbents with industrial qualifications representing 64% of the multi-unit manager population's highest achieved award. In a representative manner to the research conducted on multi-unit managers in the US and UK, by researchers such as, Muller and Campbell (1995) and Goss-Tumer (1997), emphasises the practitioner aspects of the job and that previous research repeatedly points towards the straight line career development from supervisor, unit manager to multi-unit manager within multi-unit organisations, (Muller and Campbell, 1995; Goss-Tumer, 1997).

6.6.2 Multi-unit manager sample analysed by career tenure

The sampled multi-unit managers had a served in their role of multi-unit manager for varying time periods, from two months to eighteen years four months, the average
being three years ten months. This is displayed in more detail in the following figure 6.9, which breaks this information down by organisation:

In analysis of figure 6.9 it is apparent that the majority of multi-unit managers (79.4%) have been in the job less than four years. This may be explained by a lateral transition from another organisation or by the reported difficulty and transient nature of the role, (Umbreit, 1989; Patil and Chung, 1998; Fulford and Enz, 1995). This will be explored in detail next by the analysis of Figure 6.10, which looks at total time length in previous employment of the multi-unit managers across the respondent organisations.
From analysis of figure 6.10 it is possible to see the variation in total time length of previous employment. This can be explained almost certainly by age but in analysis it outlines an average comparatively long-term tenure before being positioned in the role of multi-unit manager within the respondent organisations, especially as 79.4% of the multi-unit managers surveyed had been in their position for less than four years.

**6.6.3 Multi-unit manager sample analysed by previous employment industry**

To analyse the previous employment of the respondent multi-unit manager population, the following figure 6.11 breaks the total previous employment areas (n=139 different jobs across 34 respondents):
Taken as an entire data set, figure 6.11 represents the previous employment positions of the respondent managers before the position of multi-unit manager. This actual figure is based at a total of one hundred and thirty nine previous employment moves taken by respondent population before the position of multi-unit manager. From the analysis of the multi-unit managers’ who specified their previous employment the average number of previous positions held before becoming a multi-unit manager were four. Furthermore, from the 96% that had come from intra-industry, only one manager had arrived in the position from a non-traditional role such as, head office administration. Almost all multi-unit managers (n=30, or 88.2%) had arrived in their role from a straight line career progression of either a unit supervisor and/or unit manager and then progressed on to the role of multi-unit manager although, the data shows some lateral career movement, with a majority of managers having more than one previous position of the same description and level, this figure being 73.5% of total managers (n=25).
6.6.4 Multi-unit manager sample analysed by formal training

From the total sample (n=34) of multi-unit managers, fourteen managers (41%) had received no formal training at the start of, or throughout, their time in the multi-unit manager position. Figure 6.12 shows this analysis broken down by company and then figure 6.13 displays the total training time length of those twenty managers (59%) who did receive formal training.

![Figure 6.12: Multi-unit manager sample analysed by training](image)

Figure 6.12 demonstrates clearly that systematic training across multi-unit organisations is not an inherent factor of the existing human resource policies. This can be classified as an oversight as researchers have shown the difficulty incumbents face in moving from operational ‘hands on’ positions such as, supervisors and managers to the more conceptual and strategic position of the multi-unit manager, (Muller and Campbell, 1995; Lefever, 1989; Muller, 1994; Goss-Turner, 1997).
The following figure 6.13 breaks down this analysis further and looks at the time-length of the managers that have undergone formal induction or job skill training (59% of total population).

Figure 6.13: Multi-unit manager sample analysed by training time length

Figure 6.12 displays the total time length of induction or job skill formal training. There is a wide variance between the time lengths of multi-unit manager training; this is evident across the three organisations with organisation E showing the highest proportion of formally trained multi-unit managers and the highest proportion of formal training, with a duration of over seven days.

6.7 Incident category description analysed by organisation

This section will analyse the incident data by the code of the incident (INCCODE), cross tabulated against the organisation's grouping (ORGGROUP). The proportionality of the occurrence of the different incident codes within the
organisation will be displayed as a frequency count and percentage within the table 6.13 and then as a frequency count within the figure 6.14. There were four hundred and seventy seven cases analysed with only one case that was unclassified and recorded as missing within the data set.

Table 6.2: Incident code (INCCODE) crosstabulated with respondent organisations (ORGGROUP)

<table>
<thead>
<tr>
<th>INCCODE</th>
<th>Count</th>
<th>% within ORGGROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Incident</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>27</td>
<td>37</td>
</tr>
<tr>
<td>Financial Management</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>HR Management</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td>Marketing + Promotions</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Facilities + Safety</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>104</td>
<td>110</td>
</tr>
</tbody>
</table>

Table 6.2 is displayed in the following figure 6.14. This graphical format allows for the ease in analysis of the distribution of the types of communication incidents across the three organisations. The breakdown of these representations will be described after figure 6.14.
Table 6.2 and figure 6.14 displays wide variability in the number of contingent incidents recorded over the three organisations. For example, organisation E recorded a total of two hundred and sixty three incidents within a population of fifteen respondents compared to organisation D who recorded one hundred and ten incidents within a population of thirteen managers, which are only six incidents more than organisation C within a population of six managers. This variance in reporting will be analysed in detail in the next section and could be explained by organisational structure or strategy.

The incident category with the most frequency is operations management explaining 28.9% of all recorded contingent incidents. This figure is closely followed by human resource management, which accounts for 26.8% of all recorded incidents. Then in descending order are facilities and safety management, accounting for 18.9% of incidents, then financial management accounting for 10.9% of all incidents. Finally, marketing and promotions accounts for 9.2% of the incidents. The across organisation variance within these organisations is notable and the spread observationally looks
similar. However, organisation E is 11% less than the next highest organisation in reported incidents categorised as human resource related.

The next section will analyse the contingent incidents through the framework of the two main analysis approaches described at the beginning of this chapter. Both approaches will be based around the utility of the six key categories variables used to describe the structure and content of an incident.

6.8 Analysis approach one

Approach one addresses the question of a relationship between strategy-structure and contingency within the organisations, and is in two parts. This task is met by the analysis of the data set around five key variable components of an incident. Approach one also utilises the data in different directions to test the relationship. Part one looks at this in a ‘bottom up’ manner analysing the predictive ability of the incident components to identify the strategic character of the organisation while part two looks at this in ‘top down’ manner analysing the distribution of components across the organisations for significant differences. Approach one is based upon the following hypothesis:

- \( \text{H}_0 \) There is not a relationship between strategy-structure and contingency within the respondent organisations

- \( \text{H}_1 \) There is a relationship between strategy-structure and contingency within the respondent organisations
Approach one involves two different procedures that require completion before handling the data and analysis. These are as follows:

1. The expert panel selection of either ‘tight’ or ‘loose’, as a definitional term, for the description of each of the three organisations in the study.

2. And, for part one, the application of a random sample taken from the collected data.

6.8.1 Analysis approach one, procedure one – The expert panel results

The organisations were analysed in the methods described in the methodology chapter to make a decision in regard to their strategic-structural nature. However, this categorisation had to be validated by the expert panel. The expert panel of six members were sent a précis of the information used in the strategic-structural character decision (see Appendix 8). The original number was seven but one member had to not be included because of their relationship (CEO) with one of the respondent organisations. The organisational character précis was triangulated by; interviewing, observation, analysis and documentation, with specific regard given in analysis to the expert panel approved formality indicators. Included with the précis was a copy of the formality indicators, which were exhibited by the organisation and analysed, to assist in their decision about the strategic character of the three organisations. The following
decision was made about the organisations’ strategic character after research and analysis.

1. Organisation C = ‘Loose’
2. Organisation D = ‘Tight’
3. Organisation E = ‘Tight’

From the analysis of the returned judgement slips the expert panel made the following unanimous decision about the strategic character of the three main respondent organisations.

1. Organisation C = ‘Loose’ AGREE
2. Organisation D = ‘Tight’ AGREE
3. Organisation E = ‘Tight’ AGREE

6.8.2 Analysis approach one, procedure two - The application of a random sample

The next stage of approach one is the application of a random sample of incidents taken from the original sample of contingent communication incidents (n=477). The number of incidents to be included in the random sample was decided upon by the use of a sample table computation for a population size of approx. 480, given at the 95% confidence level. This results in a sample number of 214 cases, (Sekaran, 2000), pg.295. The table was a summary of sample sizes taken from the sampling formula:
The entire sample was automatically re-sampled to 214 cases within SPSS™ (version 10.1) for Windows using the > Select Cases > Random Sample of Cases procedure to produce the random case list for analysis.

6.8.3 Analysis approach one, part one – Strategic-structural character analysis (bottom-up)

This section will discuss the findings approach one part one. The aim of part one is to analyse whether strategic character, ‘tight’ or ‘loose’, can be predicted by the frequency and distribution of the key variables, which are the five components of an incident, taken from a random sample of all incidents. The primary objective of approach one, part one is:

- The primary objective is to test the relationship between contingent problems and the strategy and structure of the organisation.

This was achieved by analysing the five independent components of an incident; 
\( v_1 \) (INCODE), \( v_2 \) (INCSOURC), \( v_3 \) (INCSER), \( v_4 \) (INCSTDP), and \( v_5 \) (INCCOM) cross-tabulated, and tested by a chi-square (\( \chi^2 \)) test, with the dependent organisational type variable (ORGTYPE), ‘tight’ and ‘loose’, in the case population (\( n=214 \)). If there is significant association found in the test variables then the Chi-square test will be converted into a contingency table to analyse predictive ability. Moreover, this will be followed by a joint probability test (\( \lambda \)) to show the level of predictive ability of the variables singular and then joint, i.e., organisational character associated and
predicted by \( v2 \) (INCSOURC), incident source. The following table 6.3 shows a summary of the \( \chi^2 \) test results (NB. full results are on a disk with the research supervisor):

**Table 6.3: v1 (INCCODE), v2 (INCSOURC), v3 (INCSER), v4 (INCSTDP) and v5 (INCCOM) tested against organisational character (ORGTYPE)**

<table>
<thead>
<tr>
<th>( \chi^2 ) test variables</th>
<th>Variable description</th>
<th>( \chi^2 ) Value</th>
<th>df</th>
<th>( P ) value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ORGTYPE) * (INCCODE)</td>
<td>Strategic character of the organisation * Incident type</td>
<td>4.292</td>
<td>5</td>
<td>NS</td>
</tr>
<tr>
<td>(ORGTYPE) * (INCSOURC)</td>
<td>Strategic character of the organisation * Incident Source</td>
<td>.039</td>
<td>1</td>
<td>NS</td>
</tr>
<tr>
<td>(ORGTYPE) * (INCSER)</td>
<td>Strategic character of the organisation * Incident Severity</td>
<td>.220</td>
<td>1</td>
<td>NS</td>
</tr>
<tr>
<td>(ORGTYPE) * (INCSTDP)</td>
<td>Strategic character of the organisation * Standard procedure use</td>
<td>.018</td>
<td>1</td>
<td>NS</td>
</tr>
<tr>
<td>(ORGTYPE) * (INCCOM)</td>
<td>Strategic character of the organisation * Incident communication complexity</td>
<td>.208</td>
<td>1</td>
<td>NS</td>
</tr>
</tbody>
</table>

Table 6.3 clearly demonstrates the data is not suitable for further testing beyond the \( \chi^2 \) test as the analysis has produced insignificant results. A major problem within the data was classificatory cells with low counts. SPSS\textsuperscript{TM} works around this with asymptotic calculation but this factor weakens the reliability and validity of the particular test. From the observation of the frequency of variable occurrence within the cross-tabulation cells with exception to \( v1 \) (INCCODE), it is obvious that the proportions of occurrence of variables within organisation type are very similar. For example, in \( v2 \) (INCSOURC), \( v3 \) (INCSER), \( v4 \) (INCSTDP) and \( v5 \) (INCCOM) there was not more than a 3% difference in the proportions of any of the cell counts. This
similarity in proportions will make not ameliorate the chances of the chi-square test finding significant, if any, difference between the organisational groups. Chi-square finding of no significant association concludes this analysis across the classificatory cells within the tables. This finding supports the null hypothesis ($H_0$) and discounts the alternative hypothesis ($H_1$).

6.8.4 Approach one part two - Strategic-structural character analysis (top-down)

Part two approaches the question of the relationship of strategy-structure and contingency in an opposite manner to part one. This section analyses whether the strategic character, being ‘tight’ or ‘loose’, of the organisation can be used to determine the distribution of routine and non-routine communication events, $\nu_6$ (ROUTINE), and communication complexity type, $\nu_5$ (INCOM), within the sample. The primary objective of this analysis is:

- The primary objective is to test whether the strategic character of the organisation will determine the distribution of routine and non-routine communication events and the type of communication pattern displayed.

This is produces the following hypothesis:

- $H_0$ The strategic-structural character of the organisation will not determine the distribution of routine and non-routine communication events and the type of communication pattern displayed.
• \( H_1 \) The strategic-structural character of the organisation will determine the
distribution of routine and non-routine communication events and the type of
communication pattern displayed.

To achieve this the study requires:

1. A template to be applied to communication incidents that will define them as
   either 'routine', 'non-routine' or 'unclassified'.

2. A template to be applied to communication incidents that will define them as
   either 'simple' or 'complex'.

3. The distribution to be taken from the random sample of incidents.

The first two components that are required for this section, and listed before, have
been achieved by the construction and use of the variables \( v5 \) (\textit{INCCOM}) and \( v6 \)
(\textit{ROUTINE}) discussed in the previous chapter. The third component necessitates the
utility of the random sample used in part one. The strategic character of three
organisations C, D and E have been defined as the following: C = 'loose', D = 'tight'
and E = 'tight'. The following table displays the distributions. The distributions were
tested across all three organisations, by the (\textit{ROUTINE}) measurement in table 6.4 and
the (\textit{INCCOM}) measurement in table 6.5. This was conducted by the chi-square test,
which tests for significant association. The results are given for both tests in results
table 6.6:
### Table 6.4: Routine (ROUTINE) variable distribution across organisations (ORGGROUP)

<table>
<thead>
<tr>
<th>ORGGROUP</th>
<th>Organisation C</th>
<th>Count</th>
<th>% within ORGGROUP</th>
<th>% within ROUTINE</th>
<th>Total ROUTINE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>13</td>
<td>27.7%</td>
<td>23.6%</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>21.3%</td>
<td>18.9%</td>
<td>22.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>47</td>
</tr>
<tr>
<td>Organisation D</td>
<td>Count</td>
<td>13</td>
<td>24.1%</td>
<td>23.6%</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>% within ORGGROUP</td>
<td>21.3%</td>
<td>18.9%</td>
<td></td>
<td>22.0%</td>
</tr>
<tr>
<td></td>
<td>% within ROUTINE</td>
<td>27.7%</td>
<td>23.6%</td>
<td></td>
<td>47</td>
</tr>
<tr>
<td>Organisation E</td>
<td>Count</td>
<td>29</td>
<td>25.7%</td>
<td>52.7%</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>% within ORGGROUP</td>
<td>24.8%</td>
<td>52.8%</td>
<td></td>
<td>52.8%</td>
</tr>
<tr>
<td></td>
<td>% within ROUTINE</td>
<td>48.1%</td>
<td>52.8%</td>
<td></td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>55</td>
<td>100.0%</td>
<td>100.0%</td>
<td>214</td>
</tr>
<tr>
<td></td>
<td>% within ORGGROUP</td>
<td></td>
<td>100.0%</td>
<td></td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>% within ROUTINE</td>
<td></td>
<td>100.0%</td>
<td></td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Table 6.5: Communication complexity (INCCOM) distribution across organisation (ORGGROUP)

<table>
<thead>
<tr>
<th>ORGGROUP</th>
<th>Organisation C</th>
<th>Count</th>
<th>% within ORGGROUP</th>
<th>% within INCCOM</th>
<th>Total INCCOM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>23</td>
<td>48.9%</td>
<td>20.7%</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td></td>
<td>24</td>
<td>51.1%</td>
<td>23.3%</td>
<td>22.0%</td>
</tr>
<tr>
<td></td>
<td>% within ORGGROUP</td>
<td></td>
<td></td>
<td></td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>% within INCCOM</td>
<td></td>
<td></td>
<td></td>
<td>22.0%</td>
</tr>
<tr>
<td>Organisation D</td>
<td>Count</td>
<td>38</td>
<td>70.4%</td>
<td>34.2%</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td>% within ORGGROUP</td>
<td>29.6%</td>
<td>15.5%</td>
<td></td>
<td>25.2%</td>
</tr>
<tr>
<td></td>
<td>% within INCCOM</td>
<td>45.0%</td>
<td>61.2%</td>
<td></td>
<td>52.8%</td>
</tr>
<tr>
<td>Organisation E</td>
<td>Count</td>
<td>50</td>
<td>44.2%</td>
<td>45.0%</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td>% within ORGGROUP</td>
<td>55.8%</td>
<td>61.2%</td>
<td></td>
<td>52.8%</td>
</tr>
<tr>
<td></td>
<td>% within INCCOM</td>
<td>55.8%</td>
<td>61.2%</td>
<td></td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>111</td>
<td>51.9%</td>
<td>51.9%</td>
<td>214</td>
</tr>
<tr>
<td></td>
<td>% within ORGGROUP</td>
<td></td>
<td>51.9%</td>
<td></td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>% within INCCOM</td>
<td></td>
<td>51.9%</td>
<td></td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Result Table 6.6: Chi-square test results

<table>
<thead>
<tr>
<th>Variable description</th>
<th>Table Value</th>
<th>df</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGGROUP * ROUTINE</td>
<td>.598</td>
<td>4</td>
<td>NS</td>
</tr>
<tr>
<td>Actual organisation * Incident routine/non-routine measure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ORGGROUP * INCCOM</td>
<td>10.195</td>
<td>2</td>
<td>p &lt; 0.01</td>
</tr>
<tr>
<td>Actual organisation * Incident communication complexity</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The two tables, 6.4 and 6.5, display the distribution of variables across the three organisations. On viewing the first table 6.4, (ORGGROUP * ROUTINE) it demonstrates the high proportion of incidents that could not be classified as ‘routine’ or ‘non-routine’ within the definition used for this study. If only one diary question (Q12. standard procedure) had been the source variable definition used, instead of Q12 and Q10 (Budget implications), to define this category then the existence of unclassified cases would not have been an issue. However, the use of one question would not have been sufficient enough to justify and fully explain the nature of an incident being defined as routine or not.

Furthermore, the proportionality of ‘routine’ and ‘non-routine’ incidents is, once more, nearly equal in numbers, which will also have deleterious effect on the probability of significant association occurring between the classificatory cells. This is concluded with a chi-square finding of not significant. This finding supports the null hypothesis (H₀) and discounts the alternative hypothesis (H₁).

The second table 6.5, (ORGGROUP * INCCOM) in analysis of organisation C shows little variation in proportions across the cells while organisation D and E show greater variance. Within organisation D and E the variance between communication complexity, ‘simple’ and ‘complex’, run counter to each other with higher counts for ‘simple’ communications in D and ‘complex’ communications in organisations E. This is interesting as it displays variance in the two ‘tight’ organisations but opposite directionality. Furthermore, a significant difference is supported by chi-square testing which found significant association, \( p < 0.01 \) (reported in table 6.6), between classificatory cells of organisation and incident communication complexity as
significant. This finding supports the alternative hypothesis (H₁) and discounts the null hypothesis (H₀).

The variables (ORGGROUP * INCCOM) showed significant association in the populations and were consequently tested for joint probability distribution in table 6.7, which tests for association strength, by the use of a contingency table. This is show in the following table 6.7:

**Table 6.7: Organisation (ORGGROUP) and communication complexity (INCCOM) contingency table**

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Asymp. Std. Error</th>
<th>Approx. T</th>
<th>Approx. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Lambda</td>
<td>Symmetric</td>
<td>.069</td>
<td>.060</td>
<td>1.110</td>
</tr>
<tr>
<td></td>
<td>ORGGROUP Dependent</td>
<td>.000</td>
<td>.000</td>
<td>.005</td>
</tr>
<tr>
<td></td>
<td>INCCOM Dependent</td>
<td>.136</td>
<td>.114</td>
<td>1.110</td>
</tr>
<tr>
<td>Goodman and Kruskal tau</td>
<td>ORGGROUP Dependent</td>
<td>.025</td>
<td>.016</td>
<td>.005</td>
</tr>
<tr>
<td></td>
<td>INCCOM Dependent</td>
<td>.048</td>
<td>.028</td>
<td>.006</td>
</tr>
</tbody>
</table>

The previous contingency table 6.7 and associated lambda (λ) value shows the proportionate reduction of error of knowing an incident’s communication complexity in guessing the correct origin of the organisation the incident originated from directly compared to not knowing the incidents communication complexity and guessing the incidents origin. The above table shows a lambda value of .069, which pertains to a 69% improvement in guessing the origin of an incident when the communication complexity of the incident is previously known. However, this result does not predict directionality of association or prove causation. The λ value of 0.69 implies strong association between the two categories of organisation and incident communication complexity.
6.8.5 Approach one part three – Routine and communication template

Approach one part three looks at the simple distribution of communication incidents across the strategic character of the organisations, ‘tight’ and ‘loose’, as tabulated against the two meta-variable scores: v5 (INCCOM) measure of incident communication complexity and v6 (ROUTINE) measure of routine/non-routine nature of an incident. This entire data sample (n=477) of incidents is used for the analysis of the distribution across an incident template. This analysis is designed to give a descriptive view of the sample population and its distribution across the two key incident template measures of complexity and routine. The template meta-variables v5 and v6 have both been recoded and converted from nominal categories into ordinal scales to be analysed across a template (this is explained in detail in the next section). The first recoded variable v5 (COMSCOR), table 6.8, has been converted into an ordinal variable, measured on a scale from 1 - 6, 1 = the extreme score of simple communication and 6 = the extreme score of complex communication. The second recoded variable v6 (ROUTSCOR), table 6.9, has been converted into an ordinal variable and is measured on a scale from 1 - 3, 1 = the extreme score of routine and 3 = the extreme score of non-routine.

Table 6.8: Organisational character (ORGTYPE) across re-coded communication score (COMSCOR)

<table>
<thead>
<tr>
<th>ORGTYPE</th>
<th>COMSCOR</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tight</td>
<td>Count</td>
<td>89</td>
<td>101</td>
<td>93</td>
<td>68</td>
<td>23</td>
<td>2</td>
<td>573</td>
</tr>
<tr>
<td></td>
<td>% within ORGTYPE</td>
<td>23.9%</td>
<td>27.1%</td>
<td>24.9%</td>
<td>17.4%</td>
<td>8.2%</td>
<td>.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>% within COMSCOR</td>
<td>86.6%</td>
<td>72.2%</td>
<td>77.7%</td>
<td>82.6%</td>
<td>91.8%</td>
<td>100.0%</td>
<td>78.2%</td>
</tr>
<tr>
<td>Loose</td>
<td>Count</td>
<td>104</td>
<td>139</td>
<td>120</td>
<td>81</td>
<td>32</td>
<td>2</td>
<td>477</td>
</tr>
<tr>
<td></td>
<td>% within ORGTYPE</td>
<td>14.4%</td>
<td>35.8%</td>
<td>20.0%</td>
<td>15.4%</td>
<td>8.7%</td>
<td>100.0%</td>
<td>21.8%</td>
</tr>
<tr>
<td></td>
<td>% within COMSCOR</td>
<td>85.6%</td>
<td>64.2%</td>
<td>77.3%</td>
<td>80.3%</td>
<td>91.2%</td>
<td>100.0%</td>
<td>78.2%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>204</td>
<td>240</td>
<td>213</td>
<td>149</td>
<td>55</td>
<td>4</td>
<td>1047</td>
</tr>
<tr>
<td></td>
<td>% within ORGTYPE</td>
<td>21.8%</td>
<td>28.9%</td>
<td>25.2%</td>
<td>17.0%</td>
<td>6.7%</td>
<td>.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>% within COMSCOR</td>
<td>78.2%</td>
<td>71.1%</td>
<td>74.8%</td>
<td>83.0%</td>
<td>93.3%</td>
<td>100.0%</td>
<td>79.0%</td>
</tr>
</tbody>
</table>

1 = simple 6 = Complex
The analysis of table 6.9 shows the data to be centralised on both the scales. The first table, which shows communication complexity scores, is distributed towards ‘simpler’ communication at a mode of two across both, ‘tight’ and ‘loose’, strategic types of organisations.

Table 6.9: Organisational character (ORGTYPE) across recoded routine score (ROUTSCOR)

<table>
<thead>
<tr>
<th>ORGTYPE * ROUTSCOR Crosstabulation</th>
<th>ROUTSCOR</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>ORGTYPE</strong></td>
<td>Count</td>
<td></td>
</tr>
<tr>
<td>Tight</td>
<td>69</td>
<td>198</td>
</tr>
<tr>
<td></td>
<td>% within ORGTYPE</td>
<td>23.9%</td>
</tr>
<tr>
<td></td>
<td>% within ROUTSCOR</td>
<td>74.2%</td>
</tr>
<tr>
<td>Loose</td>
<td>31</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>% within ORGTYPE</td>
<td>29.8%</td>
</tr>
<tr>
<td></td>
<td>% within ROUTSCOR</td>
<td>25.8%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>% within ORGTYPE</td>
<td>28.2%</td>
</tr>
<tr>
<td></td>
<td>% within ROUTSCOR</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

1 = routine 3 = non-routine

The analysis of the second table 6.9, showing the routine/non-routine score, is centralised at a mode of two, which is directly in the middle of the scale, in between extreme of routine and non-routine incidents. The two tables illustrate the relative homogeneity of the data across the two variable scores taken against the strategic character of the respondent organisations.
6.8.6 Summary of findings of approach one

The section will summarise the findings attained in approach one:

- In part one the null hypothesis was not disproved, leading to the conclusion that a ‘bottom up’ relationship between strategy-structure characteristics and contingency cannot be proved within the data set.

- In part two the null hypothesis was not disproved when analysing the variable (ROUTINE) as a measure of the ‘top-down’ relationship between strategy-structure characteristics and contingency. However, when analysing incident communication complexity (INCCOM) as the independent variable there was significant association, \( p < 0.01 \), among the dependent strategic character, ‘tight’ and ‘loose’, populations. This was supported by a lambda (\( \lambda \)) contingency table test for error probability reduction, which shows a 69% improvement in guessing the strategic character of an organisation from an incident case when communication complexity is known.

- In general observation, then furthered by analysis, there is very little variation within the sample, as defined around the variables terms given in approach one.

- The template, taken across the entire sample, displayed a tendency within the data for grouping around the centre of the template scores, as analysed by two variables; the routine score (ROUTSCOR) and the communication complexity
score \((\text{COMSCOR})\), leading to the conclusion of little variance within the data set when cross tabulated against strategic character, ‘tight’ or ‘loose’.

### 6.9 Analysis approach two

Approach two of the data analysis still utilises the main question of the research, the analysis of the relationship between strategy-structure and contingency. This section analyses the data in an orthogonal manner across the respondent organisations, managers and then across human capital and demographic variables.

However, approach two does not use the data in its nominal categories, as given in approach one, but recodes the four meta-variables, \(v_2, v_3, v_5\) and \(v_6\), into ordinal scores, (NB. \(v_5\) and \(v_6\) where used already in the incident template given at the end of approach one in part three). This allows the testing of variance among the data populations through the use of ‘t’ and ‘f’ distributions and tests. The recoding of the four meta-variables, as discussed in the previous chapter, is given below:

- **(Re-coded) Meta-Variable 2** The source of the contingent incident (\(\text{INCSCOR}\)). The category has a scoring range of 1-3 and is scored as follows: Any Other Variable Combination = 1, Below + Any Other Variable or Operations + Any Other Variable = 2, Below + Operations = 3

- **(Re-coded) Meta-Variable 3** The severity of the contingent incident (\(\text{SERSCORE}\)). The category has a scoring range of 1-7 and is scored as follows: (No Problem = 1 or Problem = 2) + (Easy To Rectify = 1 or
Difficult to Rectify = 2) + (Not Serious = 1 or Serious = 2 or Very Serious = 3) = 1...7

- **(Re-coded) Meta-Variable 5** The communication complexity of the contingent incident (COMSCOR). The category has a scoring range of 1-6 and is scored as follows: Zero Follow Up Communication = 1, One Follow Up Communication = 2, Two Follow Up Communications = 3, Three Follow Up Communications = 4, Four Follow Up Communications = 5 and Five Follow Up Communications = 6.

- **(Re-coded) Meta-Variable 6** The routine nature of a contingent incident (ROUTSCOR). The category has a scoring range of 1-3 and is scored as follows: No Budget Implications + Standard Procedure Used = 1, Budget Implications + Standard Procedure Not Used = 3, Any Other Variable Combination = 2,

6.9.1 Analysis approach two, part one – Communication variance analysis

The objectives of this approach two part one are:

- The primary objective is to test whether there is any difference in the way contingency is handled as portrayed by the communication variables across the three organisations.

- The secondary objective is to test whether there is any difference in the way contingency is handled as portrayed by the communication variables across the managers within the sample.

- As a corollary of the preceding objective, if significant difference is found between managers in the sample then the analysis of human capital factors, will be undertaken to identify possible intervening sources of independent
influence in the between manager analysis. The analysis will look for the variable association and degree of influence.

The hypotheses of approach two part one are as follows:

**Organisations**

- $H_0$: There is no difference in the way contingency is handled in the incident variables across the three organisations.
- $H_1$: There is a difference in the way contingency is handled in the incident variables across the three organisations.

**Managers**

- $H_0$: There is no difference in the way contingency is handled in the incident variables across the managers.
- $H_1$: There is a difference in the way contingency is handled in the incident variables across the managers.

Initially, the data populations will be analysed for variance across the individual organisations. After this analysis the data will be analysed across the individual manager populations for significant variance. If significant difference is found within the manager populations then the analysis will look at possible intervening factors found within human capital and demographic variables i.e., educational qualifications, length of formal training, age and tenure. In separation to approach one, approach two, part one treats the individual organisations, without strategic character
presumption, and individual managers, as being causal in regard to the manner in which they handle contingency and process contingent communication. The main statistical task of this analysis is to test the respondent organisations and manager by one-way ANOVA’s.

6.9.2 One-way ANOVA analysis of the four re-coded variables and the organisations

Table 6.10 displays the analysis of variance of the four recoded meta-variable, v2 (INCSCOR), v3 (SERSCORE), v5 (COMSCOR) and v6 (ROUTSCOR), scores against the three organisations, (ORGGROUP).

Table 6.10: One-way ANOVA on the four recoded variables; v2 (INCSCOR), v3 (SERSCORE), v5 (COMSCOR) and v6 (ROUTSCOR) across the respondent organisations

<table>
<thead>
<tr>
<th>Source</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCSCOR</td>
<td>Between Groups</td>
<td>2.995</td>
<td>2</td>
<td>1.497</td>
<td>1.870</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>379.437</td>
<td>474</td>
<td>.801</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>382.432</td>
<td>476</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SERSCORE</td>
<td>Between Groups</td>
<td>20.017</td>
<td>2</td>
<td>10.008</td>
<td>4.594</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>1032.662</td>
<td>474</td>
<td>2.179</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1052.679</td>
<td>476</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMSCOR</td>
<td>Between Groups</td>
<td>29.868</td>
<td>2</td>
<td>14.934</td>
<td>10.543</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>671.415</td>
<td>474</td>
<td>1.416</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>701.283</td>
<td>476</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROUTSCOR</td>
<td>Between Groups</td>
<td>1.399</td>
<td>2</td>
<td>.700</td>
<td>1.486</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>223.129</td>
<td>474</td>
<td>.471</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>224.528</td>
<td>476</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Test of Homogeneity of Variances

<table>
<thead>
<tr>
<th>Source</th>
<th>Levene Statistic</th>
<th>df1</th>
<th>df2</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCSCOR</td>
<td>2.511</td>
<td>2</td>
<td>474</td>
<td>.075</td>
</tr>
<tr>
<td>SERSCORE</td>
<td>5.19</td>
<td>2</td>
<td>474</td>
<td>.044</td>
</tr>
<tr>
<td>COMSCOR</td>
<td>3.369</td>
<td>2</td>
<td>474</td>
<td>.028</td>
</tr>
<tr>
<td>ROUTSCOR</td>
<td>0.575</td>
<td>2</td>
<td>474</td>
<td>.583</td>
</tr>
</tbody>
</table>

From analysis of the above table 6.10 both (INCSCOR) and (ROUTSCOR) have been shown to be not significant in their between-group variance. However, (SERSCORE)
has been shown to have significant difference in between-group variance across the
different organisation populations: $F (2,474) = 4.594; p < 0.05$. This is also the case
with (COMSCOR) with high significant difference between group variance across
organisation populations: $F (2,474) = 10.543; p < 0.01$. However, from the analysis of
the Levene Statistic for homogeneity of variance in the (COMSCOR) variable, it can
be concluded that there is heterogeneity in the variance within the (COMSCOR)
group is at .035, which is less than the critical value of 0.05. This means that it cannot
be stated that the (COMSCOR) cases are from the same population and that the
ANOVA results for this variable are therefore valid. This finding supports the
alternative hypothesis for organisations ($H_1$) and discounts the null hypothesis ($H_0$).

The ANOVA results would suggest that there is significant variance across the
organisations in the severity of incidents. To find out where the source of this
variance lies requires the use of a ‘post-hoc’ protected t-test such as, Fischer’s LSD
(Least Significant Difference) test. This is displayed in table 6.11.
Table 6.11: Protect t-test (Fischer's LSD) - On the four re-coded variables v2 (INSCOR), v3 (SERSCORE), v5 (COMSCORE) and v6 (ROUTSCORE).

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>(I) ORGGROUP</th>
<th>(J) ORGGROUP</th>
<th>Mean Difference (I-J)</th>
<th>Std Error</th>
<th>Sig</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INSCOR</strong></td>
<td>Organisation C</td>
<td>Organisation D</td>
<td>-.06</td>
<td>.122</td>
<td>.114</td>
<td>-.30 - .18</td>
</tr>
<tr>
<td></td>
<td>Organisation E</td>
<td>Organisation C</td>
<td>.12</td>
<td>.104</td>
<td>.239</td>
<td>-.06 - .33</td>
</tr>
<tr>
<td></td>
<td>Organisation D</td>
<td>Organisation E</td>
<td>.08</td>
<td>.122</td>
<td>.614</td>
<td>-.16 - .30</td>
</tr>
<tr>
<td></td>
<td>Organisation E</td>
<td>Organisation C</td>
<td>.10</td>
<td>.102</td>
<td>.071</td>
<td>-.02 - .38</td>
</tr>
<tr>
<td></td>
<td>Organisation D</td>
<td>Organisation C</td>
<td>-.12</td>
<td>.104</td>
<td>.239</td>
<td>-.33 - .06</td>
</tr>
<tr>
<td></td>
<td>Organisation E</td>
<td>Organisation D</td>
<td>-.18</td>
<td>.102</td>
<td>.071</td>
<td>-.28 - .02</td>
</tr>
<tr>
<td><strong>SERSCORE</strong></td>
<td>Organisation C</td>
<td>Organisation D</td>
<td>.00</td>
<td>.202</td>
<td>.984</td>
<td>-.40 - .39</td>
</tr>
<tr>
<td></td>
<td>Organisation E</td>
<td>Organisation C</td>
<td>.41*</td>
<td>.171</td>
<td>.017</td>
<td>-.79 - .07</td>
</tr>
<tr>
<td></td>
<td>Organisation D</td>
<td>Organisation C</td>
<td>-.00</td>
<td>.202</td>
<td>.984</td>
<td>-.39 - .40</td>
</tr>
<tr>
<td></td>
<td>Organisation E</td>
<td>Organisation D</td>
<td>.41*</td>
<td>.168</td>
<td>.014</td>
<td>-.74 - .08</td>
</tr>
<tr>
<td></td>
<td>Organisation C</td>
<td>Organisation E</td>
<td>-.41*</td>
<td>.171</td>
<td>.017</td>
<td>-.75 - .07</td>
</tr>
<tr>
<td></td>
<td>Organisation D</td>
<td>Organisation C</td>
<td>-.41*</td>
<td>.168</td>
<td>.014</td>
<td>-.74 - .08</td>
</tr>
<tr>
<td></td>
<td>Organisation E</td>
<td>Organisation C</td>
<td>-.41*</td>
<td>.171</td>
<td>.017</td>
<td>-.75 - .07</td>
</tr>
<tr>
<td><strong>COMSCORE</strong></td>
<td>Organisation C</td>
<td>Organisation D</td>
<td>.55*</td>
<td>.163</td>
<td>.001</td>
<td>-.23 - .33</td>
</tr>
<tr>
<td></td>
<td>Organisation E</td>
<td>Organisation C</td>
<td>-.05</td>
<td>.136</td>
<td>.650</td>
<td>-.33 - .23</td>
</tr>
<tr>
<td></td>
<td>Organisation D</td>
<td>Organisation C</td>
<td>-.55*</td>
<td>.163</td>
<td>.001</td>
<td>-.87 - .23</td>
</tr>
<tr>
<td></td>
<td>Organisation E</td>
<td>Organisation D</td>
<td>-.61*</td>
<td>.135</td>
<td>.000</td>
<td>-.87 - .34</td>
</tr>
<tr>
<td></td>
<td>Organisation C</td>
<td>Organisation E</td>
<td>.05</td>
<td>.136</td>
<td>.650</td>
<td>-.21 - .33</td>
</tr>
<tr>
<td></td>
<td>Organisation D</td>
<td>Organisation E</td>
<td>.81*</td>
<td>.135</td>
<td>.000</td>
<td>-.34 - .87</td>
</tr>
<tr>
<td><strong>ROUTSCORE</strong></td>
<td>Organisation C</td>
<td>Organisation D</td>
<td>-.16</td>
<td>.054</td>
<td>.088</td>
<td>-.34 - .02</td>
</tr>
<tr>
<td></td>
<td>Organisation E</td>
<td>Organisation C</td>
<td>-.07</td>
<td>.079</td>
<td>.394</td>
<td>-.22 - .09</td>
</tr>
<tr>
<td></td>
<td>Organisation D</td>
<td>Organisation C</td>
<td>.16</td>
<td>.054</td>
<td>.089</td>
<td>-.02 - .34</td>
</tr>
<tr>
<td></td>
<td>Organisation E</td>
<td>Organisation C</td>
<td>.09</td>
<td>.078</td>
<td>.235</td>
<td>-.06 - .25</td>
</tr>
<tr>
<td></td>
<td>Organisation D</td>
<td>Organisation C</td>
<td>.07</td>
<td>.079</td>
<td>.394</td>
<td>-.09 - .22</td>
</tr>
<tr>
<td></td>
<td>Organisation E</td>
<td>Organisation D</td>
<td>-.09</td>
<td>.078</td>
<td>.235</td>
<td>-.25 - .06</td>
</tr>
</tbody>
</table>

* The mean difference is significant at the .05 level.

In analysis of table 6.11 above based on the valid and significant finding of (SERSCORE) it is apparent that most of the source of the between group variance is found within organisation E in relation to other organisations within the analysis. This difference is significant to the 95% confidence level between organisation E and C ($p = 0.017$) and organisation E and D ($p = 0.014$).

6.9.3 One-way ANOVA analysis of the four re-coded variables and the managers

This next section will analyse the variance between incident variables and individual managers. However, because some of the respondent managers within the study
reported back low numbers of contingent incidents there is an enforced requirement of a manager reporting more than ten incidents for inclusion into the analysis group. This factor has reduced the sample manager number from thirty-four to thirteen. The following table displays the analysis of variance of the four recoded meta-variable, v2 (INCSCOR), v3 (SERSCORE), v5 (COMSCOR) and v6 (ROUTSCOR), scores against the different managers, (MANNUM).

Table 6.12: One-way ANOVA on the four re-coded variables; v2 (INCSCOR), v3 (SERSCORE), v5 (COMSCOR) and v6 (ROUTSCOR) against the different managers, (MANNUM).

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCSCOR</td>
<td>Between Groups</td>
<td>13.538</td>
<td>12</td>
<td>1.128</td>
<td>1.423</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>296.436</td>
<td>374</td>
<td>.793</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>309.974</td>
<td>386</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SERSCORE</td>
<td>Between Groups</td>
<td>64.325</td>
<td>12</td>
<td>5.350</td>
<td>2.614</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>712.419</td>
<td>374</td>
<td>1.905</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>776.744</td>
<td>386</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMSCOR</td>
<td>Between Groups</td>
<td>167.302</td>
<td>12</td>
<td>15.608</td>
<td>14.655</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>398.326</td>
<td>374</td>
<td>1.065</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>565.628</td>
<td>386</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROUTSCOR</td>
<td>Between Groups</td>
<td>17.043</td>
<td>12</td>
<td>1.420</td>
<td>3.182</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>166.947</td>
<td>374</td>
<td>.446</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>183.990</td>
<td>386</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Test of Homogeneity of Variances

<table>
<thead>
<tr>
<th></th>
<th>Levene Statistic</th>
<th>df1</th>
<th>df2</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCSCOR</td>
<td>2.185</td>
<td>12</td>
<td>374</td>
<td>.012</td>
</tr>
<tr>
<td>SERSCORE</td>
<td>2.835</td>
<td>12</td>
<td>374</td>
<td>.001</td>
</tr>
<tr>
<td>COMSCOR</td>
<td>5.024</td>
<td>12</td>
<td>374</td>
<td>.000</td>
</tr>
<tr>
<td>ROUTSCOR</td>
<td>1.056</td>
<td>12</td>
<td>374</td>
<td>.387</td>
</tr>
</tbody>
</table>

From analysis of the above table 6.12 only (INCSCOR) has been shown to be not significant in their between-group variance. However, (SERSCORE) \( F(12,374) = 2.814; p < 0.01 \), (COMSCOR) \( F(12,374) = 14.655; p < 0.01 \), and (ROUTSCOR) \( F(12,374) = 3.182; p < 0.01 \) have been shown to have high significant difference in between-group variance across the different organisation populations. However, from the analysis of the Levene Statistic for homogeneity of variance in the (SERSCORE) and (COMSCOR) variables, it can be concluded that there is heterogeneity in the
variance within the (SERSCOR) group is at .001 and (COMSCOR) group is at .000, which is less than the critical value of 0.05. This means that it cannot be unequivocally stated that the (SERSCOR) and (COMSCOR) cases are from the same population and that the ANOVA results for this variable are therefore valid. This finding supports the alternative hypothesis for managers (H₁) and discounts the null hypothesis (H₀).

The ANOVA results would suggest that there is significant variance across the managers in the seriousness and the communication of incidents. To find out where the source of this variance lies requires the use of a 'post-hoc' protected t-test such as, Fischer’s LSD (Least Significant Difference) test. The post-hoc analysis of the variables through the Fischer’s LSD test was conducted and analysed. The test produced too much output to be placed in this thesis but a copy of the analysis and output was left with the University. The results of this post-hoc analysis illustrate that a majority of managers show significant, \( p < 0.05 \), and highly significant variance, \( p < 0.01 \), between each other, which may be explained by human capital and demographic criteria, (see next section).

6.9.4 Analysis approach two, part two - Human capital and demographic analysis

As a corollary of approach two the population will be tested by a number of human capital and demographic variables, recorded and taken from the multi-unit manager diaries, for significant difference and association.
• The primary objective is the measurement of association between the human capital factors within the manager population and the distribution of contingent communication variables.

The hypothesis for this section is as follows:

• H₀: There is no difference in the way contingency is handled in the incident variables across the managers’ human capital and demographic scores.

• H₁: There is no difference in the way contingency is handled in the incident variables across the managers’ human capital and demographic scores.

To achieve this the study requires:

1. The use of the entire sample of multi-unit managers’ human capital scores.

2. The use of chi-square (χ²) test for the analysis of association between independent human capital variables and dependent communication incident components, using the nominal v2, v3, v5 and v6 coded variables.

3. If a significant association is found between the human capital variables and the incident components then the reduction of probability error in joint association will be tested by the use of a contingency table.

The association testing of the human capital and demographic components will assist in the development of enhanced understanding of possible variance seen among the organisations and the respondent managers within them. For example, the age of the respondent and the manner in which they handle forward communication may be different across the populations. Six human capital and demographic variables, which could explain such variance will be tested, these are; age, gender, formal training,
total time length in multi-unit manager role, total time length in career tenure and highest education level attained. These six human capital and demographic variables are coded as follows:

- **HCD Variable 1.** (HCAGE) The age of the respondent multi-unit manager. The category has a scoring range of 1-4 and is scored as follows: 20-29 years of age = 1, 30-39 years of age = 2, 40-49 years of age = 3, 50-59 years of age = 4.

- **HCD Variable 2.** (HCGENDER) The gender of the respondent multi-unit manager. The category has a scoring range of 1-2 and is scored as follows: male = 1, female = 2.

- **HCD Variable 3.** (HCTRAIN) The length of formal training of the respondent multi-unit manager. The category has a scoring range of 1-4 and is scored as follows: No Training = 1, 1-2 Days Training = 2, 4-7 Days Training = 3, 7+ Days Training = 4.

- **HCD Variable 4.** (HCAMTL) The time length of the respondent multi-unit manager in that position. The category has a scoring range of 0-18 and is scored as follows: Less than one year = 0, One year = 1, Two years = 2, Three years = 3, Four years = 4, Five years = 5, Six years = 6, Eight years = 8, Nine years = 9, Twelve years = 12, Eighteen years = 18. *(NB, this is not a linear escalation of time length in service, as years in which there were no respondents are not accounted for).*

- **HCD Variable 5.** (HCAMTTL) The total time length of the respondent multi-unit managers' professional career. The category has a scoring range of 2-23 and is scored as follows: Two years = 2, Three years = 3, Four years = 4, Five years = 5, Six years = 6, Nine years = 9, Ten years = 10, Twelve years = 12, Thirteen years = 13, Fourteen years = 14, Sixteen years = 16, Seventeen years = 17, Eighteen years = 18, Nineteen years = 19, Twenty-one years = 21, Twenty-two years,
Twenty-three years = 23. (NB, this is not a linear escalation of time length of professional career, as years in which there were no respondents are not accounted for).

- **HCD Variable 6.** (HCEDUC) The highest level of education attained by the respondent multi-unit manager. The category has a scoring range of 0-6 and is scored as follows: No Education = 0, GNVQ/HNC = 1, City & Guilds = 2, HND = 3, Degree = 4, Professional Diploma = 5, Masters Degree = 6.

The previous human capital and demographic variables will be tested for association with in the chi-square ($\chi^2$) test for significant association against the six original variable components of an incident, $v_1$ (INCODE), $v_2$ (INCSOURC), $v_3$ (INCSER), $v_4$ (INCSTDP), $v_5$ (INCCOM) and $v_6$ (ADJROUT). The use of the chi-square ($\chi^2$) will analyse whether there is significant association between two variables pairs across classificatory cells.

If there is significant association found in the test variables then the chi-square ($\chi^2$) test will be converted into a contingency table to analyse predictive ability. Moreover, this will be followed by a joint probability test ($\lambda$) to show the level of predictive ability of the variables singular and then joint, as conducted in approach one, part two. For the purpose of this section the entire sample will be used (n=477). Table 6.12, because of the large number of chi-square tests conducted, will be used as a results summary table:

**Summary table 6.13: Chi-square test on human capital/demographic manager variables by incident component variables; $v_1$ (INCODE), $v_2$ (INCSOURC), $v_3$ (INCSER), $v_4$ (INCSTDP), $v_5$ (INCCOM) and $v_6$ (ADJROUT).**

<table>
<thead>
<tr>
<th>$\chi^2$ test variables</th>
<th>Variable description</th>
<th>$\chi^2$ Value</th>
<th>$P$ Value</th>
<th>Lambda Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(HCAGE) * (INCODE)</td>
<td>Age * Incident Code</td>
<td>0.018</td>
<td>$P &lt; 0.05$</td>
<td>0.44</td>
</tr>
<tr>
<td>(HCAGE) * (INCSOURC)</td>
<td>Age * Source of Incident</td>
<td>1.379</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>(HCAGE) * (INCSER)</td>
<td>Age * Severity of Incident</td>
<td>5.539</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>(HCAGE) * (INCSTDP)</td>
<td>Age * Use of Standard Procedure</td>
<td>0.007</td>
<td>$P &lt; 0.01$</td>
<td>0.22</td>
</tr>
<tr>
<td>(HCAGE) * (INCCOM)</td>
<td>Age * Communication Complexity</td>
<td>0.000</td>
<td>$P &lt; 0.01$</td>
<td>0.71</td>
</tr>
<tr>
<td>(HCAGE) * (ADJROUT)</td>
<td>Age * Routine Nature of an</td>
<td>0.041</td>
<td>$P &lt; 0.05$</td>
<td>N/A</td>
</tr>
<tr>
<td>Term 1</td>
<td>Term 2</td>
<td>P Value</td>
<td>Effect Size</td>
<td></td>
</tr>
<tr>
<td>----------------------------</td>
<td>-----------------------------</td>
<td>---------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>(HCGENDER) * (INCCODE)</td>
<td>Gender * Incident Code</td>
<td>0.039</td>
<td>0.38</td>
<td></td>
</tr>
<tr>
<td>(HCGENDER) * (INCSOURC)</td>
<td>Gender * Source of Incident</td>
<td>0.235</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>(HCGENDER) * (INCSER)</td>
<td>Gender * Severity of Incident</td>
<td>0.735</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>(HCGENDER) * (INCSERQ)</td>
<td>Gender * Use of Standard Procedure</td>
<td>0.238</td>
<td>N/A</td>
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</tr>
<tr>
<td>(HCGENDER) * (INCCOM)</td>
<td>Gender * Communication Complexity</td>
<td>2.067</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>(HCGENDER) * (ADJROUT)</td>
<td>Gender * Routine Nature of an Incident</td>
<td>0.031</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>(HCTRAIN) * (INCCODE)</td>
<td>Formal Training * Incident Code</td>
<td>17.992</td>
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<td></td>
</tr>
<tr>
<td>(HCTRAIN) * (INCSOURC)</td>
<td>Formal Training * Source of Incident</td>
<td>3.952</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>(HCTRAIN) * (INCSER)</td>
<td>Formal Training * Severity of Incident</td>
<td>2.737</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>(HCTRAIN) * (INCSERQ)</td>
<td>Formal Training * Use of Standard Procedure</td>
<td>0.001</td>
<td>P &lt; 0.01</td>
<td></td>
</tr>
<tr>
<td>(HCTRAIN) * (INCCOM)</td>
<td>Formal Training * Communication Complexity</td>
<td>0.000</td>
<td>P &lt; 0.01</td>
<td></td>
</tr>
<tr>
<td>(HCTRAIN) * (ADJROUT)</td>
<td>Formal Training * Routine Nature of an Incident</td>
<td>0.006</td>
<td>P &lt; 0.01</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (INCCODE)</td>
<td>Time Length in Current Position * Incident Code</td>
<td>0.000</td>
<td>P &lt; 0.01</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (INCSOURC)</td>
<td>Time Length in Current Position * Source of Incident</td>
<td>11.436</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (INCSER)</td>
<td>Time Length in Current Position * Severity of Incident</td>
<td>13.613</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (INCSERQ)</td>
<td>Time Length in Current Position * Use of Standard Procedure</td>
<td>0.000</td>
<td>P &lt; 0.01</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (INCCOM)</td>
<td>Time Length in Current Position * Communication Complexity</td>
<td>0.000</td>
<td>P &lt; 0.01</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (ADJROUT)</td>
<td>Time Length in Current Position * Routine Nature of an Incident</td>
<td>0.008</td>
<td>P &lt; 0.01</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (INCCODE)</td>
<td>Total Time Length in Professional Career * Incident code</td>
<td>110.752</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (INCSOURC)</td>
<td>Total Time Length in Professional Career * Source of Incident</td>
<td>13.952</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (INCSER)</td>
<td>Total Time Length in Professional Career * Severity of Incident</td>
<td>20.579</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (INCSERQ)</td>
<td>Total Time Length in Professional Career * Use of Standard Procedure</td>
<td>0.000</td>
<td>P &lt; 0.01</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (INCCOM)</td>
<td>Total Time Length in Professional Career * Communication Complexity</td>
<td>0.000</td>
<td>P &lt; 0.01</td>
<td></td>
</tr>
<tr>
<td>(HCAMTL) * (ADJROUT)</td>
<td>Total Time Length in Professional Career * Routine Nature of an Incident</td>
<td>0.044</td>
<td>P &lt; 0.05</td>
<td></td>
</tr>
<tr>
<td>(HCEDUC) * (INCCODE)</td>
<td>Highest Level of Education</td>
<td>30.715</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>
From the analysis of table 6.12 there are a number of significant results that have occurred within the populations in relation to human capital/demographic variables and the incident component variables. The chi-square ($\chi^2$) tests have shown significant association in number of variable groupings. Furthermore, the lambda ($\lambda$) joint probability contingency tables have shown the degree to which knowledge of one variable affects the probability of occurrence of another. These tests will be discussed in relation to their human capital/demographic variable groupings:

**HCD Variable 1 – (HCAGE) Age.** The respondent managers age across the multi-unit manager population has shown significant and highly significant association and variable degrees of joint probability, in relation to:

- Incident code, $p < 0.05$, explaining 44% change in predictability of outcome when the age of a respondent is known.
- Use of standard procedure, $p < 0.01$, although, only explaining 22% change in predictability of outcome when the age of a respondent is known.
- Communication complexity, $p < 0.01$, explaining 71% change in predictability of outcome when the age of a respondent is known.
- Routine nature of an incident, $p < 0.05$. The joint probability of this variable is unknown.
**HCD Variable 2** – (HCGENDER) Gender. The respondent managers’ gender across the multi-unit manager population has shown significant association and a variable degree of joint probability, in relation to:

- Incident code, $p < 0.05$, explaining 38% change in predictability of outcome when the gender of a respondent is known.

**HCD Variable 3** – (HCTRAIN) Level of Formal Training. The respondent managers’ level of formal training across the multi-unit manager population has shown highly significant association and variable degrees of joint probability, in relation to:

- Use of standard procedure, $p < 0.01$, explaining 38% change in predictability of outcome when the level of formal training of a respondent is known.
- Communication complexity, $p < 0.01$. The joint probability of this variable is unknown.
- Routine nature of an incident, $p < 0.01$, explaining 18% change in predictability of outcome when the level of formal training is known.

**HCD Variable 4** – (HCAMTL) Time Length in Present Position. The respondent managers’ time length in present position across the multi-unit manager population has shown highly significant association and variable degrees of joint probability, in relation to:

- Incident code, $p < 0.01$, explaining 38% change in predictability of outcome when the time length in position of a respondent is known.
- Use of standard procedure, $p < 0.01$, explaining 72% change in predictability of outcome when the time length in position of a respondent is known.
- Communication complexity, $p < 0.01$. The joint probability of this variable is unknown.
• Routine nature of an incident, $p < 0.01$. The joint probability of this variable is unknown.

**HCD Variable 5** – (HCAMTTL) Total Time Length of Professional Career. The respondent managers total time length of professional career across the multi-unit manager population has shown significant and highly significant association and variable degrees of joint probability, in relation to:

  • Use of standard procedure, $p < 0.01$, explaining 82% change in predictability of outcome when the total time length of professional career of a respondent is known.
  • Communication complexity of an incident, $p < 0.01$. The joint probability of this variable is unknown.
  • Routine nature of an incident, $p < 0.05$. The joint probability of this variable is unknown.

**HCD Variable 6** – (HCEDUC) Highest Level of Education Attained. The respondent managers highest level of education attained across the multi-unit manager population has shown significant and highly significant association and variable degrees of joint probability, in relation to:

  • Source of the incident, $p < 0.05$, explaining 58% change in predictability of outcome when the highest level of education attained by a respondent is known.
  • Use of standard procedure, $p < 0.01$, explaining 34% change in predictability of outcome when the highest level of education attained by a respondent is known.
  • Communication complexity, $p < 0.01$, explaining 84% change in predictability of outcome when the highest level of education attained by a respondent is known.

In general, all of the human capital/demographic variables, apart from gender, have shown highly significant association across four of the incident variables.
These are, \(v1\) (INCCODE), \(v4\) (INCSTDP), \(v5\) (INCCOM) and \(v6\) (ADJROUT). Moreover, both \(v4\) (INCSTDP) and \(v5\) (INCCOM) have had the predictability of their occurrence improved considerably by the existence of the five human capital/demographic variables, \((HCAGE)\), \((HCTRAIN)\), \((HCAMTL)\), \((HCAMTTL)\) and \((HCEDU)\). In most cases, this has been demonstrated, in table 6.12, with repeatedly high lambda (\(\lambda\)) values for joint probability of these contingency tables. These results do not show causation or direction but do show the degree of association and the joint probability of variable prediction. This finding partially supports the alternative hypothesis \((H_1)\) and discounts the null hypothesis \((H_0)\).

### 6.9.5 Summary of findings of approach two

The following is a summary of the findings taken from approach two:

- The results of ANOVA analysis illustrate that the three organisations show significant variance between each other. In particular, when analysed across each of the four meta-variables there was significant variance across two of the recoded variables, \(v2\) (SERSCOR) and \(v6\) (ROUTSCOR), and the organisation populations. In ‘post hoc’ protected t-test analysis it is apparent within the analysis that most of the source of the between group variance is found within organisation E in relation to other organisations C and D.

- The results of analysis illustrate that a majority of managers show significant variance between each other. In particular, when analysed across each of the four meta-variables there was significant variance across all of the managers across the majority of inter-group comparisons within the ANOVA test.
• In general, all of the human capital/demographic variables, apart from gender, have shown highly significant association across four of the incident variables. These are, $v1$ (INCCODE), $v4$ (INCSTDP), $v5$ (INCCOM) and $v6$ (ADJROUT). Moreover, both $v4$ (INCSTDP) and $v5$ (INCCOM) have had the predictability of their occurrence improved considerably by the existence of the five human capital/demographic variables, (HCAGE), (HCTRAIN), (HCAMTL), (HCAMTTL) and (HCEDU).

• In general observation of the analysis contained within approach two there has been significant variance in the way individual respondent organisations handled contingency. Significant variance was also found not just at the organisational level but also across the incumbent population within the study. This finding was further supported by analysis of possible causes of variance within the incumbent population and their handling of contingency. It was found that human capital and demographic factors have, in general, a highly significant association to the manner in which respondents handled contingency.

6.10 Analysis approach three – Correlative analysis of contingent variables

Approach three takes an overall view of the contingent variables and analyses the question of possible correlative relationships between the main meta-variables used in the main analysis.
• The primary objective of this analysis is to identify correlation between the meta-variables within the sample population.

The hypothesis for this section is as follows:

• $H_0$: There is no correlation between the meta-variables within the sample population.

• $H_1$: There is correlation between the meta-variables within the sample population.

To achieve this the study requires:

1. The use of the entire sample ($n=477$) of meta-variable communication scores, $v_2$ ($INCSCOR$), $v_3$ ($SERSCORE$), $v_5$ ($COMSCOR$) and $v_6$ ($ROUTSCOR$), to test them for correlative relationships.

Approach three will provide an overall view of the four meta-variables of contingency. The use of correlation analysis is undertaken to delineate any such relationships. The following table 6.13 displays the findings from the correlative analysis.
Table 6.14: Correlative analysis of incident variables v2 (INSCOR), v3 (SERSCORE), v5 (COMSCOR) and v6 (ROUTSCOR).

<table>
<thead>
<tr>
<th></th>
<th>INSCOR</th>
<th>SERSCORE</th>
<th>COMSCOR</th>
<th>ROUTSCOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>INSCOR</td>
<td>Pearson Correlation</td>
<td>.126**</td>
<td>-.108*</td>
<td>-.033</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.006</td>
<td>.018</td>
<td>.468</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>477</td>
<td>477</td>
<td>477</td>
</tr>
<tr>
<td>SERSCORE</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.356**</td>
<td>.243**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>477</td>
<td>477</td>
<td>477</td>
</tr>
<tr>
<td>COMSCOR</td>
<td>Pearson Correlation</td>
<td>-.108*</td>
<td>1</td>
<td>.226**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.018</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>477</td>
<td>477</td>
<td>477</td>
</tr>
<tr>
<td>ROUTSCOR</td>
<td>Pearson Correlation</td>
<td>-.033</td>
<td>.243**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>477</td>
<td>477</td>
<td>477</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

From the analysis of the above table it is apparent that the four variables have a highly correlative relationship, all but COMSCOR and INSCOR at \( p < 0.05 \) have a relationship of \( p < 0.01 \), between each other, with little exception. Only INSCOR and ROUTSCOR seem to be independent of each other, showing no relationship found. This finding partially supports the alternative hypothesis (\( H_a \)) and discounts the null hypothesis (\( H_0 \)).

### 6.11 Summary of analysis framework results

The following section will detail and summarise the results of the analysis framework taken from the three individual results sections contained within the analysis framework.
Summary of analysis framework approach one:

- In part one the null hypothesis was not disproved, leading to the conclusion that a ‘bottom up’ relationship between strategy-structure characteristics and contingency cannot be proved within the data set.

- In part two the null hypothesis was not disproved when analysing the variable (ROUTINE) as a measure of the ‘top-down’ relationship between strategy-structure characteristics and contingency. However, when analysing incident communication complexity (INCCOM) as the independent variable there was significant association, $p < 0.01$, among the dependent strategic character, ‘tight’ and ‘loose’, populations. This was supported by a lambda ($\lambda$) contingency table test for error probability reduction, which shows a 69% improvement in guessing the strategic character of an organisation from an incident case when communication complexity is known.

- In general observation, then furthered by analysis, there was very little variance within the sample, as defined around the variables terms given in approach one.

- The template, taken across the entire sample, displayed a tendency within the data for grouping around the centre of the template scores, as analysed by two variables; the routine score (ROUTSCOR) and the communication complexity score (COMSCOR), leading to the conclusion of little variance within the data set when cross tabulated against strategic character, ‘tight’ or ‘loose’.
Summary of analysis framework approach two:

- The results of ANOVA analysis illustrate that the three organisations showed significant variance between each other. In particular, when analysed across each of the four meta-variables there was significant variance across two of the recoded variables, \( v_2 (\text{SERSCOR}) \) and \( v_6 (\text{ROUTCOR}) \), and the organisation populations. In 'post hoc' protected t-test analysis it was apparent within the analysis that most of the source of the between group variance was found within organisation E in relation to other organisations C and D.

- The results of analysis illustrate that a majority of managers showed significant variance between each other. In particular, when analysed across each of the four meta-variables there was significant variance across all of the managers across the majority of inter-group comparisons within the ANOVA test.

- In general, all of the human capital/demographic variables, apart from gender, had shown highly significant association across four of the incident variables. These are, \( v_1 (\text{INCCODE}) \), \( v_4 (\text{INCSTDP}) \), \( v_5 (\text{INCCOM}) \) and \( v_6 (\text{ADJROUT}) \). Moreover, both \( v_4 (\text{INCSTDP}) \) and \( v_5 (\text{INCCOM}) \) have had the predictability of their occurrence improved considerably by the existence of the five human capital/demographic variables, \( \text{(HCAGE)} \), \( \text{(HCTRAIN)} \), \( \text{(HCAMTL)} \), \( \text{(HCAMTTL)} \) and \( \text{(HCEDU)} \).
• In general observation of the analysis contained within approach two there was significant variance in the way individual respondent organisations handled contingency. Significant variance was also found not just at the organisational level but also across the incumbent population within the study. This finding was further supported by analysis of possible causes of variance within the incumbent population and their handling of contingency. It was found that human capital and demographic factors have, in general, a highly significant association to the manner in which respondents handled contingency.

Summary of analysis framework approach three:

• All four of the main contingency variables had a highly correlative relationship, all but COMSCOR and INCSCOR at \( p < 0.05 \) had a relationship of \( p < 0.01 \), between each other, with little exception. Only INCSCOR and ROUTSCOR seemed to be independent of each other, showing no relationship found. This finding partially supports the alternative hypothesis \((H_1)\) and discounts the null hypothesis \((H_0)\).
**6.0 Reference List**


CHAPTER SEVEN

CONCLUSIONS
7.0 Chapter Seven – Conclusions

7.1 Introduction

In the previous chapter the main findings of the study were discussed in relation to the structure of the methodology and statistical testing carried out upon the data. In this chapter the major findings of the study will be conceptualised with regard to the wider study context and epistemology and concluded. The main proposition that guided the study, and was contained within the methodology and the findings, was:

- There is a relationship between the management of contingency and the organisational character of strategy.

The study was constructed and formulated, from its initialisation, in an attempt to find a relationship between strategy-structure and frontline contingency. In regard to this the study has managed to find some tentative connections. This relationship did not follow the confines of the classificatory schema used within the original definition of strategic/structural character but did exist within individual organisations, individual managers and in the composite components of communication behaviour in regard to contingent events.

The main analysis within the findings chapter was split into statistical and descriptive components. The statistical component analysed the respondent population using the advanced statistical procedures, described in the analysis framework given in the methodology chapter, to test the hypotheses. The basic descriptive component
analysed the respondent population using simple analytical techniques to describe the sample.

The next two sections of this chapter will analyse the data in both statistical and descriptive forms and discuss its utility in the understanding of the theory underpinning this study. The first section reflects upon the main sample findings and discusses them, followed by the second section, which reflects upon the role of multi-unit manager with regard to this study. After this the chapter will draw upon the limitations of such a study. Finally, the chapter will discuss future research recommendations in this type of research and the conclusion of this thesis.

7.2 Themes from the main analysis

The objective of the main statistical analysis was to find a direct relationship between strategy-structure and contingency. A direct relationship was not found within the data when the original definition of strategic character given to the organisations within the study was used. However, there was evidence of a relationship found when analysing the data by individual organisation and some tentative conclusions can be made.

Significant difference was found between the organisation populations and the managers within the respondent data set. Furthermore, within the analysis there were correlative relationships found between the variables that were used as the main variable components of a non-routine communication incident. The results in part owe
their present form to some of the limitations of such as study, which will be discussed in the section 7.4. However, there were still some interesting aspects to the data, which will be discussed in this section with reference to the wider theory and this particular study’s context.

7.2.1 Analysis approach one discussion

The analysis of the first approach was constructed to address the basic question of a relationship between strategy-structure and contingency within the respondent organisations. The organisations themselves were defined by strategic character, that of either ‘tight’ or ‘loose’. Expert panel opinion, interviewing, observation and corporate research supported this task. This task was met by the analysis of the organisation and it being defined as ‘tight’ or ‘loose’ in character. The data was analysed around the five main structural components of a non-routine incident; the context, source, severity, routineness of the incident and the complexity of communication around it. Part one looked at this in a ‘bottom up’ manner analysing the predictive ability of the incident components in identifying the strategic character of the organisation while, part two looked at this in ‘top down’ manner analysing the distribution of components across the organisations for significant differences.

The first part of this analysis, the ‘bottom up’ approach, or the ability to guess the strategic character of an organisation, blindly, from the structure and content of its non-routine incidents, was inconclusive. There was no evidence of there being a relationship between strategy-structure and contingency as analysed in this manner.
Part two looked at the relationship in an opposite manner and direction to that of part one, viewing the relationship from the ‘top down’, by analysing whether the strategic character, being ‘tight’ or ‘loose’, within the organisation can be used to determine the distribution of the ‘routineness’ of communication events and levels of ‘communication complexity’ in regard to the event within the sample. The results produced a highly significant finding ($p < 0.01$) for the variable of ‘communication complexity’.

Furthermore, when this result was tested by a post-hoc contingency table there was an association value of 69%. This means that if the communication complexity of an incident is known then it increases the probability of guessing the incidents accurate origin within the sample by 69%. This result demonstrates that although, routineness of an incident could not be determined from knowing the strategic character of the organisation producing them the level of communication complexity pertaining to the incident could. This is an important find although; it circumvents the original definition of the strategy-structure and contingency relationship, as identified by the five communication components of the contingent incident. It statistically demonstrates the meta-variable ‘communication complexity’ as important identifier to the inherent nature of the relationship.

Part three analysed the simple distribution of all incidents (n=477) distributed by the meta-variables, ‘routineness’ and ‘communication complexity’ through a sample template requiring that the organisations be defined by strategic character, ‘tight’ or ‘loose’. However to score the distribution across the two meta-variables in a scale
format, which would allow the analysis of variable mode and average, the variables were converted from nominal variables to ordinal. The mode for ‘communication complexity’, taken from a 1-6 range, was 2. This figure emphasises the domination of simple communication in relation to non-routine incidents within the population. The mode for ‘routineness’, taken from a 1-3 range, was 2 also.

This result is inconclusive and spurious as the range is supposed to measure the routine nature of incident. In particular, all the contingent incidents by definition should be non-routine and were additionally measured by further variables to validate this. Many of the incidents were classified by respondents, conscious of the definition of a non-routine incident (as given on the front of every diary), through the measurement metrics as being either routine or unclassified, as opposed to non-routine. The respondents’ perception of the definition may have had a limiting affect upon the power of any conclusions that can be drawn from the results.

7.2.2 Analysis approach two discussion

Approach two abandoned ‘tight’ and ‘loose’ and analysed the data in an orthogonal manner across the respondent organisations, managers and then across human capital and demographic variables. Approach two, because of the statistical methods it uses, required the variables and meta-variables to be recoded from nominal categories to ordinal ranges.
The main objective of part one was to test whether there was any difference in the way contingency was handled, as portrayed by the communication variables across the three organisations. The secondary objective was to test whether there was any difference in the way contingency was handled as portrayed by the communication variables across the managers within the sample. As a corollary of the preceding objective, if significant difference was found between managers in the sample then the analysis of human capital factors was undertaken to identify possible intervening sources of independent influence in the between manager analysis. The analysis looked for variable association and degree of influence.

The statistical test used throughout part one was the one-way ANOVA. There was significant variance in the way communication was handled by the three respondent organisations, as portrayed by the two of the four meta-variables, ‘seriousness’ ($p < 0.05$), and ‘communication complexity’ ($p < 0.01$). This gave support for the alternative hypothesis ($H_1$). This finding demonstrated that there was significant variation in the way the individual organisations handled communication as measured by ‘seriousness’ and ‘communication complexity’. However, the basic ANOVA does not show the source of the variance. This required the use of a ‘post-hoc’ t-test. A Fischer’s LSD test was used. From the results of the ‘post-hoc’ test ‘seriousness’ was found to be the most apparent variable attached to between group variance and organisation E was the most apparent source. This difference is significant to the 95% confidence level between organisation E and C ($p = 0.017$) and organisation E and D ($p = 0.014$).
Organisation E was identified as being the cause of the most significant variation in its handling of contingency. This is demonstrated earlier in the basic description and the frequency of specific incidents' contexts. Organisation E had less human resource management incidents (11% less in proportional comparison) and slightly more financial management and marketing incidents than the other two respondent organisations. This answer to the variation in the handling of contingency might be found in the way organisation E structured itself in regard to multi-unit management and the way the process of communication worked within organisation E. Organisation E was structured in a manner that was comparatively rigid and hierarchical, with very clear definitions given to job descriptions and roles. Procedures and policy were clearly defined within the organisation and the systems used were highly formalised and mature. Organisation E extensively used IT for enabling its organisational processes but the systems used were quite complex and rigid.

However, this level of process organisation and policy detail may also work against the organisation by limiting its flexibility in response to contingency. This could be compounded by the residual inertia created by asset specificity, market economics and internal culture. Furthermore, organisation E also had a number of its multi-unit managers sharing the role of unit manager at single site and multi-unit manager for the remaining sites within the territory. This situation may add to the complexity of the role, as the incumbent has to operate in two specific domains, ‘technical’ unit management and ‘conceptual’ multi-unit management.
From analysis of direct observation, interviewing and documentation the higher degree of control organisation E places upon operations has the by-product of increased communications in regard to authorisation and validation. Organisation E had a marked increase in non-routine incidents reported in regard to other organisations, 263 of the total (n=477) incidents. The largest frequency of incidents was reported from only fifteen managers in organisation E. This is in direct comparison to the remaining 214 incidents reported from thirteen respondents at organisation D and six at organisation C. This is also supported earlier in the analysis by the organisation E having the highest frequency of communication complexity in regard to contingent incidents (as recorded in Table 6.17). Furthermore, Organisation E operated a number of sub-brands and business formats within a site. The distribution of these across a site and territory would be an additional source of operational complexity and contingency.

The second objective of approach two looked at variance across the manager population. The statistical test used throughout part one was the one-way ANOVA. The test looked for variance in the way communication was handled by the respondent managers, as portrayed the four communication meta-variables. However, because some of the respondent managers within the study reported back low numbers of contingent incidents there was an enforced requirement that necessitated a manager to report more than ten incidents in total throughout the study for inclusion into the analysis group. Unfortunately, this factor reduced the sample manager number from thirty-four to thirteen.
The results of the analysis illustrated that the majority of managers showed significant variance between each other. In particular, when analysed across each of the four meta-variables there was significant variance across all of the managers across the majority of inter-group comparisons. The variance across the population was in part not due only to organisational factors but also due to human capital and demographic factors, which are discussed in the next section.

As a corollary of approach two the respondent population was tested by a number of human capital and demographic variables, recorded and taken from the multi-unit manager diaries, for significant difference and association. The primary objective of this section was to test the measurement of association between the human capital and demographic factors within the manager population and the distribution of contingent communication variables. This section used a Chi-square test on the nominal variables: ‘source’, ‘seriousness’, ‘communication complexity’ and ‘routineness’. The six human capital and demographic variables that were tested were: age, gender, formal training, total time length in multi-unit manager role, total career tenure and highest education level attained. These categories were recorded as nominal variables. When significant association was found among classificatory cells within the Chi-square test then the results were converted into a contingency table to look at association strength.

The analysis produced a number of significant and highly significant results across the four communication and six human capital/demographic variables. However, the strength of prediction and joint association within the contingency tables was varied. All of the human capital/demographic variables, apart from education, produced at
least three significant results (education produced two) in comparison to the four communication variables. The significant results that were shown to have joint probability were as high as 84% in some of the variables. These results do not show causation or direction but do show the degree of association and the joint probability of variable prediction.

The major significant findings are as discussed in the following. The level of communication complexity had an increase in predictability of 72% when the age of the respondent is known. This answer to this might be found in understanding that the older respondents have probably been in the multi-unit role longer and have greater experience than younger managers. Moreover, experience counters uncertainty in an environment, which may lead to more rational and controlled communication in regard to contingency. The level of communication complexity had an increase in predictability of 84% when the highest education level attained by a respondent is known. The explanation to this could be found in the understanding that the ‘conceptual’ skills that the role necessitates are a more common component of Higher National Diplomas, Degrees and Masters Degrees than of the other surveyed qualifications.

The use of standard procedure had an increase in predictability of 38% when the formal training level of the respondent is known. This result is supports the argument for training within multi-unit manager populations as formal training levels adjust the predictability of the contingent incident being handled by standard procedure. The use of standard procedure had an increase in predictability of 72% when the total time length in position of the respondent is known. This increases to 84% if the total time
length in career tenure is known. A respondent's time length in the multi-unit manager role will have a direct relationship with experience and the ability to counter uncertainty whilst using standard procedure to acquire a solution to the contingent incident. Although the results in this section do not show direction or causation the extrapolation used in the interpretation of the results will have some foundation in the actual multi-unit reality. The results partially supported the alternative hypothesis (H₁) and discounted the null hypothesis (H₀).

7.2.3 Analysis approach three discussion

Approach three took an overall view of the contingent variables and analysed the question of possible correlative relationships between the main four communication meta-variables used in the main analysis. The main objective of this analysis was to identify correlation between the meta-variables within the sample population. The test used was Pearson’s Correlation and the recoded ordinal communication meta-variables.

From the analysis it was concluded that the four variables had a highly correlative relationship, all but ‘communication complexity’ and incident ‘source’ at \( p < 0.05 \) have a relationship of \( p < 0.01 \), between each other, with little exception. Only the incident ‘source’ and ‘routineness’ variables seemed to be independent of each other. The finding partially supported the alternative hypothesis (H₁) and discounted the null hypothesis (H₀).
The main communication meta-variables are highly correlated and cannot be seen as independent. The joint effect of their existence within the data population will have influenced the results but the degree to which that influence had taken place on each other is unknown. The next section will look at the descriptive findings in regard to the role of multi-unit manager.

### 7.3 Reflections on the role of multi-unit manager

The descriptive analysis conducted within this study emphasised some interesting factors pertaining to the sample population. The sample population of multi-unit managers with the study closely mirrored the major findings of other multi-unit organisation researchers, (Muller and Campbell, 1995; Umbreit, 1989; Goss-Turner, 1997). The commonality of the findings taken from the US research, conducted in the late eighties and early nineties, and the research findings of this study are interesting, especially when it is understood that the studies by Muller and Campbell (1995), and Umbreit (1989), were conducted exclusively in US quick service single brand, single format, restaurant chains and not UK multi brand, multi format mixed product chains. The US and UK studies have reported back almost identical results across much of the analysis.

Muller and Campbell (1995) found that 80% of multi-unit managers were tenured from within the same organisation and within an operational role. The US finding is almost identical with this study’s finding that 72% of respondents were tenured intra-organisationally. However, this figure increases to 96% if intra-industry career
progression is included. These findings are supported by the fact that the majority of respondent multi-unit managers have had a straight vertical career progression from unit management to multi-unit management. The specific format of career progression, unit manager within the organisation and then multi-unit manager, of the incumbent to the level multi-unit manager is supported by all previous multi-unit management research.

However, the results also disclosed that the average time in tenure within the multi-unit manager role within the respondent population was three years ten months, which delineates 79.4% of the population. This finding is not supported by the Muller and Campbell's (1995) study, which found that the only 54% of the US respondents had been in the multi-unit manager position for less than four years. On both counts this figure is high and demonstrates the high turnover of the role.

This finding has been highlighted by Umbreit (1989) and blamed on the stressful ‘boundary spanning’ nature of the role. Umbreit (1989), found that the estimated turnover rate was at figure somewhere between 10-15% per year. From the analysis of the high turnover figure 44% of multi-unit organisations’ executives attributed this figure to lack of human resource skills, while 25% blamed the direct effect of stress within the role. Research by Thomas and Schmidt (1976) found that middle managers spent over 25% of their time engaged in conflict. This research was only taken in single site organisations.

Multi-unit organisations multiply the problems of single site operations significantly. Fulford and Enz (1995), looking at all levels of management in US multi-unit
restaurant chains estimated the average turnover to be based on 100% per annum. However, Patil and Chung (1998) later found the multi-unit manager turnover rate in US multi-unit restaurant organisations was lower at 29.4% with an average associated cost of $27,000 to the organisation for rescheduling, recruitment and training. Again, these figures highlight the absolute necessity of structured, detailed and extensive formal training for new incumbents who arrive in the multi-unit management role.

The specific training requirements required for new multi-unit managers is far from agreed within previous research and ambiguity still envelopes this issue. In the research carried out by Muller and Campbell (1995), the organisation's executives along with multi-unit managers seem to rank human resource management as the most important dimension of the role. In relation to other domains, multi-unit managers highlighted marketing before facilities management, compared to the other way around for the respondent executives, (Muller and Campbell, 1995).

Major differences were also found in perceived manager training needs, in the Umbreit (1989), study multi-unit managers were shown to desire human resource management training, this factor did not clearly appear in the later research conducted by Muller and Campbell (1995) study, where marketing was highlighted as the main training need, (Muller and Campbell, 1995). The US research combined shows that at three levels of management (unit, multi-unit and executive), in the focal organisations, the perception of the role of the multi-unit manager is far from universal. As Muller and Campbell (1995), state, “that nearly one third of the skill/tasks were ranked significantly different by store managers and area supervisors indicates profound disagreement about the role of the area supervisor”, pg.16. This has implications for
the development of training packages at the different managerial levels. Finance was shown to be ranked third in importance by multi-unit organisation executives in relation to a multi-unit manager’s job aspects, but the managers themselves did not echo this, (Umbreit, 1989; Muller and Campbell, 1995).

The asymmetry in gender within the industry is less pronounced in the UK than in the US research, which was 90% male dominated, but still only ten or 32% of the thirty-four respondents in the study were female. The answer to this asymmetry could be found in the skew that organisation E’s inclusion placed upon the data. Organisation E provided the study with the largest sub-population of multi-unit managers (15 respondents) but provided no female respondents. However, the gender distribution within the sample of organisation C was equal and in organisation D was almost equal.

Training as an important requirement is evident in the results of the US studies and is self identified by all levels of management within the respondent organisations although, the importance of specific training requirements and dimensions was different across the management levels. The training issue within multi-unit organisations reappears within this research. In the study 41% of the respondent population had received no formal training. Of the 59% who received formal training the duration of training was highly varied and showed little consistency.

This is a concerning situation as the role or multi-unit manager is very different from the role of unit manager from which most respondents arrive from. Unit management has been highlighted as being concerned with practical and technical, ‘hands-on’,
management, compared to multi-unit management, which requires a much more ‘hands off’ strategic and conceptual approach. This situation is hindered by the importance of the role multi-unit manager within the multi-unit organisation in being flexible in their operational role. The multi-unit manager acts as the main information conduit giving the incumbent responsibility over operational control and reporting within their territory, whilst also being responsible for dissemination of strategic information down throughout the organisation. The skills required to successfully achieve this task are very different from the skills required to manage a single unit.

This concern is furthered by the analysis of the educational background of the respondents within the study. The educational background of the respondents is heavily weighted towards practical and technical training with 67% of the population, of those that received higher education or post-secondary school training, having completed professional and technical diplomas and courses. Only 33% managers had taken courses that could be classified as fundamentally conceptual or academic.

This demonstrates the requirement for formal and extensive training between the ‘technical’ unit role and the ‘conceptual’ multi-unit role, especially in the strategic understanding of finance, human resource management and marketing. These factors have been found previously by Umbreit (1989), who found that the multi-unit managers had substantial control over factors on which their performance was measured but still required a different skill set than required at the unit level of management. Muller and Campbell (1995), also emphasised the change in requirements and the nature of the new role being a, ‘manager of managers’. Goss-Turner (1997), also summarises this situation with the use of the Mintzberg’s (1975)
managerial behavioural types that are crucial for a multi-unit manager to understand and adopt, that of; ‘coach’, ‘Inspector’, ‘controller’ and ‘mentor’.

In the US studies the respondent managers supervised between four and twelve units at any one time, the average number of units was seven. However, in the UK study this figure was between two and thirty-six units within the study population, the average number of unit being eighteen. This represents a marked increase on the US average in the Umbreit (1989) and Muller and Campbell (1995) studies. The UK multi-unit situation is made worse by some of the respondents having responsibility over a territory containing business units of mixed format, brand and basic product. The US respondents were all organisations operating a single brand, format and basic product.

The larger average number of units in a UK multi-unit manager’s territory was also found by Goss-Turner (1997), to be at an average of twelve units. The answer to this disparity between UK and US figures could be contained within the recent rationalisation by UK multi-unit organisations to delineate territory by brand and not by simple geographic division. This division of territory, by some of the respondent organisations, by single brand between their multi-unit managers, allows the organisation a heightened rationalisation of their operations and procedures, allowing brand ‘streamlining’ and less complex management requirements. This may well be the situation in the UK. However, one factor leverages the situation for the UK in favour of the US and brand ‘streamlining’ that is geography.
In the US a multi-unit manager’s territory may be in the mid-west and include eight business units spread over a region the size of Wales. In Umbreit’s (1989) study over 26.4% of respondents had a distance of at least twenty plus miles between each unit, over 60% of all respondents had to travel a distance of over eleven miles between each unit. In this study some of the respondents were in the southeast of England with responsibility over eighteen business units within a territory of twenty miles in circumference.

However, there is a misnomer to this finding, some of the UK respondents operated multiple brands within a given unit location and still had a greater number of units in their territory than a US counterpart. For example, organisation D operated hotels, restaurants, retail outlets and quick-service restaurants on a single site. Presumably, this would create an increase in operational complexity and therefore necessitate that a multi-unit manager have responsibility over a smaller number of units within a given territory. The answer to this may be found within the support and logistics, geography and the economies of scale available to the larger companies available in the UK.

The other major development that was not available in the US in the late eighties and early nineties has been the evolution of the Internet and electronic commerce systems; Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and Just In Time Real Time (JITRT) inventory systems. These systems have help reduce the multi-unit manager’s administrative workload and helped automate logistics and communication requirements. The situation has been further helped by
product and market rationalisation combined with multi-unit organisational change
development programmes and better supply chain strategies.

The modern role of the multi-unit manager can be seen as more organised in the
contemporary environment than a decade ago. This understanding was an accurate
portrayal of the respondent organisations within the study apart from organisation C,
which had very little enabling technology available to the multi-unit manager, or
throughout the organisation. However, organisation C had far less obvious operational
complexity than organisations D and E, as organisation C operated a single brand with
a simple product.

The average age of the UK multi-unit manager within the study was thirty-nine with
only one manager above the age of fifty. This figure is not recorded in the US studies
but is likely to be similar, as it is known that the career progression of the incumbents
within the role in the US and the UK are similar.

Umbreit (1989) and Muller and Campbell (1995), researched the perceived
importance of certain dimensions of a multi-unit managers role as given by the
various management levels inside the multi-unit organisation. The study’s results in
regard to this order were dissimilar when compared to frequency within the
population of certain incidents types. Operations management had the highest count
in terms of the context of a non-routine incident followed by human resource
management, then facilities and safety management, financial management and
finally, marketing & promotions management.
The US research looked at these important domains of the multi-unit managers role simply in terms of what the managers perceived as important in order. The list was lead by human resource, then operations, finance, marketing and promotions and finally, facilities management. Furthermore, they found inconsistency in the perceived importance of these dimensions at the different levels of the multi-unit organisation. Once again, the perceived difference scores were inconsistent and less than one point score on the range between the highest score and lowest. This disparity between the perceived importance and actual content of the day-to-day role could explain why so little is known about multi-unit management.

The results of the research by Umbreit (1989) and Muller and Campbell (1995), are not consistent in approach or significantly different in measurement between scores with the difference being less than one point on the scale between the most important dimension and the least. The spuriousness of the US results only adds to the ambiguity of using these as a basis for sense making in relation to the findings attained in this study. Furthermore, the actual frequency of certain non-routine incidents, pertaining to the five important domains of the multi-unit managers role, may appear more or less often than the incumbents perception of their importance would suggest. For example, if facilities and safety management are perceived by the incumbent to be of critical importance but only represents the content of 10% of the manager’s non-routine (contingent) incidents only supports the fact that contingency is the obverse of uncertainty.

In the next section the limitations of the study and the methodology used will be discussed in detail. This limitations section will then lead into a section of
recommendation for future and further research. Finally, the conclusion of this study will be discussed.

### 7.4 Limitations of the study

There were a number of limitations within this study and this section will discuss each of them in turn. The main limitation categories of this research study are given in the following sections:

#### 7.4.1 Previous epistemology

The amount and origin of information on multi-unit organisations, the multi-unit manager and the UK specific context had been limited in terms of knowledge, utility and application to the foundations of greater theoretical understanding and the accurate portrayal of the modern multi-unit environment.

The previous studies were limited to US multi-unit organisations operating single brand quick service restaurant chains in the eighties and early nineties. The US studies looked specifically at the perceived importance of the specific domains of the multi-unit manager's role and task environment. This was countered with a focus on perceived training requirements for the multi-unit manager within the role. The training requirement conclusions given by the US researchers were far from generic but the importance of the five domains of the multi-unit managers' role has been
demonstrated in research. Furthermore, the researchers produced novel research in an under research and poorly understood area.

However, there has been very little written about the structural aspects of the multi-unit organisation or the organisational theory that would accompany it. There has been almost nothing written about the structural aspects of the multi-unit hospitality organisation. The theory to support this understanding was attained through research into general organisational theory, organisational behaviour and the work done on multinational organisations. This collation of theory from a mezzanine of different sources allowed for the construction of the basic theory supporting the propositions of this research work.

This can be seen as a limitation to the study's scope and representation of the structural and behaviour reality of the multi-unit organisation as the supporting theory had to be fabricated from a composite number of supporting theories. The integrity of the research and utility of the theory will be dependent upon the synergy and commonality of the antecedent theory.

7.4.2 Respondent organisations

The difficulty of finding suitable organisations and then encouraging them to partake in an extensive and onerous study was a major problem throughout. This was combined with the additional issue of environmental turbulence within the UK market and two potential respondent organisations withdrawing from the study. The five organisations that were used within the study, two within the exploratory study and
then three within the main study, represented different sectors of the UK hospitality industry. Although, it can be argued that the hospitality product and the basic dimensions of service are generic, there was still variation between different organisations.

The five organisations showed variance in markets, products and operational issues. For example, one of the organisations in the exploratory study had multi-unit territories containing up to seventy business units for a multi-unit manager to have responsibility over. This high number of units pertained to operational size and geographic location (many of the units were branded coffee or sandwich bars). This is a different environment from one of the main study organisations that had multi-unit territories with just three units in them. The operational and logistical complexities of these two organisations are dissimilar. These factors make exact comparison between organisations prone to some spuriousness.

Furthermore, the organisations varied considerably in the number and type of brands and business formats they operated. All of the organisations were multi-brand organisations, even if sub-brands operated within the premises of the parent brand, and two had undergone some form of major change or business rationalisation at the time of the study. The hospitality environment is highly turbulent with large providers chasing lucrative locations and market segments. The respondent organisations had all gone through acquisition periods or had been acquired within eighteen months of the duration of the study. Furthermore, the delineation of territory within the respondent organisations had either recently undergone rationalisation or was in the process or change. This occurred mostly within the realm of brand ‘streamlining’, this is where
the multi-unit manager has only one brand or concept to manage within their territory. However, brand 'streamlining' could also mean that the organisation still has sub-brands existing within the parent brands site. Two of the respondent organisations still delineated their territory by simple geographic division.

Moreover, the brands operated by these organisations were still in different stages of the multi-unit life cycle, with some brands at the mature stage of the life cycle and some in the earlier evolutionary or expansion phase. This also added to the inherent degree of operation complexity found within the organisations, which had mixed brands at differing phases within their life cycle. The scenario of increasing operational complexity was further compounded by the existence of differing business formats in some of the respondent organisations units. For example, one of the respondent organisations in the study operated management contracts and franchisees as well as wholly owned business units.

These factors meant that new and old products, locations and systems were appearing or disappearing in their portfolios, which meant differing degrees of rational development and control syncopated with organisational change and turbulence. This contributed to the limitations and problems of sense making across such large, disparate and dynamic organisations.

### 7.4.3 Basic sample

The basic sample used for analysis within the study also provides additional limitations to the sense making derived from its analysis. The basic sample used
within the study suffered from a number of limitations. The sample was asymmetrical in terms of respondents, gender, operational size of multi-unit manager territories and diary return rates.

The sample was a random sample of the total number of multi-unit managers within the respondent organisations but there was an aspect of convenience attached to the manager choice as it was dependent upon approval from senior management within the organisation and the final numbers were unequivocally given out. The final number varied between the three organisations. Organisation C was the smallest organisation but with over 24 multi-unit managers in total. However, the study could only include 6 (25%) of them because of access issues and availability. This situation was mirrored in the larger organisations' D and E, being dictated by access and availability issues. Two organisations pulled out because of these considerations combined with widespread change occurring within them at the time of the study.

In terms of the number of respondent managers, which totalled 34 in this study and provided 477 (the average being 14.4 incident responses per person) useable non-routine incidents, there was asymmetry between the respondent group numbers. There was quite obvious distribution variance within the sample, organisation C had 6 respondent managers, organisation D had 13 respondents and organisation E had 15 respondent managers. These numbers are not proportionate to the numbers of multi-unit managers within the organisations. Gender showed asymmetry also but may not be classified as limitation and could represent an accurate portrayal of the UK environment. Moreover, this situation would seem to suggest a more healthier picture
of equality than the US studies, which found the respondents were 90% male in the surveyed organisations.

Operational size was another dimension of the study that showed wide variance across the measurement points. This is partly explained by the nature and size of the respective organisations. For example, organisation C, which was a high street restaurant, had smaller units with lunch and dinner being customer peak times. On the contrary to organisation D, which offered restaurant and lodging facilities to travellers on the UK roads with differing peak times and extended hours of operation (often 24 hour service). Organisation E provided a mid-scale popular lodging brand, which in comparison to the other two organisations offered significantly larger units and higher service pricing. The two organisations that offered both accommodation as well as dining generally had a larger operational size and a greater daily operating period.

The delineation of the organisations territory by methods such as, simple geographic division, operational importance or operational scale was an aspect of all three organisations. Organisation C divided its territory by geographic area. However, organisations D and E used a mixture of operational size and geographic division to define their multi-unit managers' operating territory. The other factor that affected the operational size of the sample was the number of restaurant and/or accommodation units contained within each multi-unit manager's territory. Even understanding this does not prevent the limitation of a multi-unit territory with sales of £80,000 per month being compared to a territory with sales of £2,000,000 per month. In the sample the average sales figure per month was £792,000. Operational factors caused
wide variation within the sample. Furthermore, the limiting effect of such variance within a sample for generalisation can be seen in the basic distribution patterns of operating units among multi-unit managers. For example, within the sample one manager controlled seven units while another controlled thirty-six units. This will also have an erroneous effect on any search for communality in the data and synergy towards greater understanding.

Finally, another major limitation within the sample was that of diary fatigue. The main study was fulfilled by the utilisation of self-administered pro-forma diaries, which were to be filled in on non-consecutive days during the study duration of five weeks. Each non-routine incident question sheet within the diary was only to be completed on exposure to a non-routine incident, so technically a manager may have no incident sheets to complete during the study duration. Furthermore, each diary was provided with a self-addressed enveloped and respondents were asked to return all diaries by post on diary days. If this did not happen during the study a judgement had to made as to whether the lack of response was a labour saving device, and the respondent was not exposed to contingency in their role, or they were suffering from diary fatigue attached to the onerous task of diary completion. There were a number of ‘fail-safes’ installed into the design of the methodology to ensure against this but even after a pilot and reminders given to respondents some diaries did not appear.

7.4.4 Study definitions

The applicability of the study in meeting its objective was dependent upon the accuracy of the definitions in the portrayal of reality within the multi-unit context.
The study was dependent upon the identification of the relationship of strategy-structure and contingency at the point of delivery of service. It was concluded that contingency could be identified at the multi-unit management level of the multi-unit organisation through the capturing and analysis of manager communication behaviour in regard to non-routine (contingent) events. The abstraction of the strategy-structure relationship within the study was identified in a variable that dictates strategy and structure within organisations, that of formalisation.

The use of formalisation was the basis for the further abstraction of strategic character, 'tight' (relatively formal) and 'loose' (relatively informal). Within the definition of the strategy-structure relationship the components that were a composite of communication behaviour had to be decided upon. Furthermore, the diary was designed to capture supporting information and validation information to eliminate misunderstanding and error. This information was used to validate whether the incident was of a routine or non-routine nature. The use of this data correctly influenced the data included in the sample. The five major variables that made up the main communication variables taken from the diary included variables that were an aggregation of more than one variable. This amalgamation of data variables that made up the meta-variables relies totally upon the correct definition of the component to be identified.

The required definitional alignment created a problem with the variable 'routineness of an incident' which was created from two single variables. The careful choice of the two sub components of 'routineness of an incident' was supposed to give a binary answer of non-routine or routine depending on the responses. However, there was 106
(49%) of the responses were returned as unclassified (as judged by the responses to the two sub questions), which severely limited the utility of the definition in this case. This demonstrates the issue of definitional terms and variable choice within the instrument, especially if more than one question is attached to a conceptual area to counter validity issues and increase inter-construct validity.

The ability of the study to represent the actual environment of the respondent organisations was dependent upon the accuracy of the definitions. Furthermore, as the observation of communication behaviour in regard to contingency was self-assessed and observed by respondents detailed thought had to be given to a definition, which could be used on the cover of every diary. The definition had to cause as little ambiguity as possible in the respondents interpretation of what type of incident constitutes inclusion into the diary. However, this interpretation and supporting documentation sent to every respondent and senior management had a direct influence on the accuracy and applicability of the diary as a research instrument. Although, the definitions used within the study were assessed and validated by extensive research, interviewing, and ‘walking the job’ direct observation, the semantic quality of the definition and supporting literature within the population ultimately decided the utility of results.

7.4.5 Statistical testing

The statistical testing within the main study has some limits that will be discussed. The sample, as previously mentioned, was asymmetrical in many areas but was proportional and random. The biggest issue facing the sample was the unfortunate fact
that the data was almost evenly distributed across the different classificatory cells in nearly all of the Chi-square testing. This factor occurred again and again and reduced the overall utility of testing. For example in the main Chi-square test which analysed the relationship between strategy-structure and contingency, taking the 'bottom up' approach there was not more than a 3% difference in the proportions of any of the cell counts. This similarity in classificatory cell counts will undoubtedly weaken the chances of the test finding significant association between variables. Furthermore, this situation occurred in part two of approach one, when testing the 'top down' relationship between strategy-structure and contingency. The proportionality of the 'routineness' classificatory cells was almost equal.

When converting the variables to ordinal scores caused some limitations to present themselves, as the range for 'routineness' was only 1-3, while 'communication complexity' was 1-6. However, this still did not alter the fact that the data for both variables within the template showed central tendency. Furthermore, this also did not assist the explanatory power of the results found within the study.

In the manager ANOVA section of the findings the inclusion criteria for the managers to be included within the study consisted of the manager recording over ten incidents over the duration of the entire study. This limited the number included within the section to ten managers from the original figure of thirty-four. Significant variance was found among the managers (as in the organisations ANOVA's) but the applicability for generalisation and extrapolation is limited as the representation is limited.
The analysis of correlative relationships among the four main communication meta-variables produced highly significant (nearly all were at $p < 0.01$) results with only one relationship being identified as independent. The joint association of these variables does not allow for the identification of individual variable affect on the analysis and for the degree of causation or direction of affect.

### 7.5 Further research recommendations

The study addressed the question of affect of contingency on the structural form of organisations in an under researched and under developed theoretical area. The study found some novel results and was unique in its application. In its basic terms, this study could be used as a foundation for more targeted and extensive research, taking into accounts its limitations, not just in the hospitality industry but also within the wider service arena. This would not have to be limited to UK organisations as the degree of standardisation that these companies use to tackle the effects of uncertainty is also the same major strategy behind globalisation of products and services. For this reason there is little to suggest that the study could not analyse multi-unit organisations in Germany or Canada. The US research would seem to support this commonality.

Moreover, the theory developed for this study would lend itself, naturally, to other retail and some financial service multi-unit organisations. There is little difference in the processes of rationalisation that all service companies go through in the move from one to multiple locations. The important requirement is consistency in product
offering. This is complicated by the inherent nature of a service over that of a tangible product. These factors force the requirement of standardisation and formalisation within these organisations to tackle location and market uncertainty. The scope of the study was quite wide and has tried to answer some fundamental questions about the structure and the behaviour of UK multi-unit organisations.

The following is a discussion of the recommendations for future research into this area. The sample was asymmetric in organisations and respondent numbers. This issue will need to be resolved in future studies. The problem of survey fatigue will also have to be re-assessed as the self-administer diary is an onerous task to give to respondents. Information given to candidates and motivational techniques used to ensure completion of task will need to be re-assessed also as the methodology produced a lot of non-returns.

The issue of operational size differences was hidden in this study but should be addressed in future work as the complexity of a £80,000 a month territory compared to a £2,000,000 a month territory is spurious. This emphasises the requirement for more extensive pre-selection. However, the issue of access, and the methodology used within this study, will work against this requirement for most UK based researchers. The use of more than one company from the exact same industrial segment would benefit the explanatory power of the research as comparative analysis could be made. Moreover, comparing single brand UK multi-unit organisations against multi-brand multi-unit organisations would offer some insight into the additional logistical and operational complexities that multiple brands offer. This would also be similar for the
comparison of single and multiple format businesses. In this sample all but one was a mixed format business.

Finally, the definitional terms used to identify and analyse the relationship between strategy-structure and contingency did not produce significant results. This may be because there is no actual relationship or there is a problem in the definitions used to identify the key components of the variables. However, the results detailed a tentative relationship when analysed in the ‘top down’ approach. Further research should be done to analyse these terms, and what is understood by their use in the industry.

Research enquiry into the analysis of the two factors that caused the significant variance within the study would be recommended. Communication variance within multi-unit organisations produced a stronger relationship within the study than strategic character and would be worth exploring in future research. However, the most notable cause of variation within the respondent data was found in the individual managers, as defined by human capital factors, and the way they handled contingency. The further analysis of this variance would also be recommended to allow for greater understanding of the nature of the multi-unit manager environment.

The training needs of multi-unit managers has been assessed in the US studies and is apparent in the UK, it would be beneficial if these requirements were addressed and analysed as the analysis of the human capital and demographic variables analysed against the four meta-variables of communication produced highly significant results. There was significant variance and, in the majority of cases, significant joint
probability in the way contingency was handled when respondents age, tenure, education and training was known.

The previous research into the multi-unit context has been scarce and there is little research work available upon which theory can be built. This in some way is a novel situation for a researcher to find and offers the incumbent the academic freedom to utilise new sources and techniques for theoretical development and sense making without being tied to tried and tested constructs. This is particularly unusual as the multi-unit organisation represents the most pervasive and conspicuous global business form. The next chapter will discuss the conclusions and their influence in the development of overall understanding and new epistemology.
### 7.6 Reference List


Chapter Eight

Discussion
8.0 Chapter Eight - Discussion

In the previous chapter the conclusions of the study were discussed in relation to the findings of the study and conceptualised with regard to the wider research context. In this chapter the conclusions of the study and the epistemology raised by the research will be discussed in regard to theoretical and contextual development.

This study aimed to identify a relationship between strategy-structure and contingency in UK multi-unit organisations and found only tentative results. There were a number of factors that impinged upon the applicability of the findings and would require attention in future research using similar methods.

The analysis did not find evidence of a relationship based upon the definition of strategic character the study used. Although a relationship between character and contingency appeared when it was measured in an opposite direction within the respondent organisations. When the analysis viewed the variance across the organisations significant differences were found in the way they handled contingency. Organisation E was significantly different to the other two organisations. Moreover, Organisation C in the study was the only organisation that could be concluded as being significantly different structurally; it was flatter and less formal than the other two. Organisation D and organisation E were very similar structurally. This presents the interesting fact that although, organisation D and E, on the surface, seemed to be structured generically there was something different in the way that organisation E handled contingency.
The organisation that was theoretically predicted to handle contingency in a different manner was organisation C, which was structurally and strategically different to the others. Organisation C had a flatter structure with much higher levels of autonomy given to the multi-unit managers. However, effective resources did not support the freedom within the role, and requirements for operational information were insufficient. Organisation D and E were structurally similarly and in a manner more commonly associated with a multi-unit organisation. The support systems were established, role autonomy was low, they were highly formalised and the incumbent had detailed task definitions and control systems. However, this study showed that organisation E, not C, was handling contingency in a different manner to the other respondent organisations.

There was tentative support for structural determinism in regard to the manner in which contingency is handled but it was not precise. Variation within this study found its roots within two specific mediums, communication and human capital. These two factors were found to cause significant association between variables and significant difference between cases. The results demonstrate that the relationship between strategy-structure and contingency was not found completely or fully explored by the definitional terms used within the study. The relationship was weakly delineated by the use of organisational character as a focal medium. A stronger suggestion of a relationship between structure and contingency was found within the results gained from the analysis of communication behaviour across the three respondent organisations.
The results demonstrate a situation in which communication behaviour and associated communication structures can be seen as representing organisational structure, independent from the study’s original definition, and subsequently being influenced by contingency. In particular, communication within the organisation seems to create its own structures, exhibited by the content and pattern of the incumbents’ communication behaviour in regard to contingency.

This would suggest that the original view of Chester Barnard (1937) that, “in any exhaustive theory of organisations communication would occupy a central place, because the structure, extensiveness, and scope of organisations are almost entirely determined by communication techniques”, pg14. The power of communication in the creation of an organisational structure, which may not appear in accurately portrayed in analysis of the organisational chart or the by the rigidity and order delineated by formalisation, could be the cause of inter-organisational communication variation. This understanding it furthered by the knowledge that organisational control over production processes, the incumbents pertaining to them, the many different stakeholder groups involved in production and the division of work required for objective fulfilment are the central reasons for the absolute requirement of effective communication structures. The importance cannot be overstated. Communication structure is made tangible only by the communication behaviour of the organisation’s representatives.

Communication is one of the key variables in the attainment of knowledge and understanding of an organisation, and as a form of structure, is fundamental to organisational strategy as a method of encompassing environmental contingency. The
actual manifestation of organisational structure caused by communication behaviour
and its variance in the study also finds variation in the degree to which the
communication nodes (incumbents) are exposed to lesser or greater degree of
contingency and consequently reflect this in their communication structures and
behaviour.

This understanding means that although, the basic tentative structural-contingency
theory and subsequent testing was proven to be inconclusive, within the study, that a
definite relationship between strategy-structure and contingency may exist within
alternate analysis. The relationship may find transparency in the predominate analysis
of organisational communication and its components in relation to organisational
structure. For example, a primary structural dynamic such as organisations size will
have a dramatic effect on communication structure, behaviour and levels of
contingency contained within certain components of the communication structure.

The analysis also delineated a stronger source of variation within the data and may
ultimately be the true source of all variation within the study. A high degree of
significant variance was found in human capital factors, as opposed to the original
strategic definition and structural sensitivity. However, the statistics used in analysis
could not highlight causation or direction of this difference

Initially, this variance was presumed to be purely structural but after analysis of the
individual multi-unit managers by human capital and demographic factors further
significant difference was found across the manager population in the way the
incumbents handled contingency as displayed by their communication behaviour. All
of the six definitional variables used to describe the demographics and human capital of the population showed significant association and nearly all contained significant levels of outcome prediction when analysed with the communication variables. The variance across the manager population is more complex to accurately define, within the bounds of the study, as the subjectivity and ambiguity of the measurement of individual behaviour, in regard to intrinsic difference, was not fully accounted for. The measurement of human capital was ancillary to the underline premise and objectives of the research and as such took a minor role in the structuring of theory to support this area of understanding.

The variance seen within the manager population demonstrates the necessity of understanding the role demographic and human capital factors play on the incumbent’s ability to perform. The necessity of understanding subjective human factors supports the call for detailed knowledge of the training requirements of this population. The multi-unit manager role contains a high degree of contingency and communication levels in regard to problem identification, analysis and solution acquisition are high within this population. However, these results must be viewed with a degree of caution as the overall quality of representation has been convoluted by the low inclusion number taken from the manager population in this stage of the study analysis.

The fact the most of the variation found within the data was human variation and not dependent upon the strategic-structural definition highlights the spuriousness contained with viewing the multi-unit context in structural terms only. The synthesis
of this greater understanding produces the possibility of four propositions that could hold logically true within the data.

1. Structure does not matter and all variation is subjective and human.
2. Structure does matter but the strategic-character definition was not accurate enough to delineate it.
3. Structure does matter but all the organisations were fundamentally the same in strategic-structural character.
4. Structure does matter and that it adequately handles contingency.

The previous four propositions are supported by substantial evidence when analysis of the study’s main findings is conducted. The study’s findings support either proposition with equifinality.

A criticism that could be levied against this research study is that the instrument was not quite good enough to accomplish its objectives. It tentatively found a relationship between strategy and structure but did not identify it fully. This near miss could be blamed on the sample structure or variable definitions. However, redefining the variables would have made little difference to the information contained within the general data. The study itself was formulated to take a view of the organisation at its boundary with the external environment, the business unit level. The fulfilment of the study was achieved at the interface of the organisation and its first point of contact, and observed through the analysis of communication behaviour in regard to contingency. Moreover, as such this study was conducted on the edge of the organisation and within a comparatively chaotic environment dispersed over multiple
locations. However, with regard to these issues the research can still be classed as novel and unique, within this organisational context, and produced some extremely interesting findings.

The findings suggest that there is truth in the structural argument and the organisation’s strategy-structural character countering frontline contingency but there is also strong evidence to support a more humanistic view of the organisation. The variance across incumbents in regard to their handling of contingency demonstrates the degree to which organisational performance rests upon subjective human factors. It could be argued that what this variation demonstrates is that when structure fails or is inefficient human capital characteristics perform, efficiently or inefficiently, to try and bridge the gap.

This understanding would not create a point of departure in the rational adaptation approach to organisational theory, which has been used to underpin the study, as the level of human capital contained within the organisation would be dependent upon contingent structural processes such as formalisation (i.e., type and level of training) and a degree of contingent self-selection by incumbent. The only break in convention would be the level of resolution that the theory would be used at. Traditionally, organisational research analyses the organisation’s structure and environment in macroscopic and general terms such as, the organisational chart, economic exigencies, legislation, etc. etc. The variance found in the study in the areas of communication and human capital may have uncovered the details of the microscopic contingencies contained within the macroscopic terms. This knowledge could open up a line of new
research enquiry detailing how organisations react to the unexpected but given in detail.

Finally, the findings contained within the study supports the requirement and applicability of accurate understanding of the multi-unit context and training to make the multi-unit managers role more efficient and rational within their environment. The multi-unit manager will still exist in a complex and chaotic environment in a boundary spanning role but the accurate knowledge of their resource and training requirements will help increase the role’s effectiveness and decrease the high turnover rates that are endemic in this population. Furthermore, increased understanding of the multi-unit managers task environment is required as ambiguous instructions and vague job descriptions, such as “deliver high-quality service to all guests” has limited value in an industry where the competitiveness in a branded environments is defined by absolute attention to detail, (Brownell, 1991), pg.57.

Multi-unit organisations have brands that are prevalent across the UK and together are a major contributor to the UK economy. They are driven by the requirements of standardisation for the continuity of their brand and by formalisation to ensure consistency in brand delivery. These factors result in highly complex operating environments for those practitioners contained within them. The required multiplication of similar processes and practices across multiple environments, each providing exposure to differing levels of uncertainty, is a concentrated source of inflexibility, greater specificity and increased complexity. This study has shown that much is still unknown about the reality of these organisations and the complexities and dynamics of their operations. This study should be used as opening for
researchers to gain much greater understanding of the multi-unit context in the UK. Furthermore, the research should be used to widen the debate about the nature and behaviour of these ubiquitous organisations.
8.1 Reference List


APPENDICES
Appendix 1
How many Units are you responsible for

Twenty, they’re all Scottish and Newcastle managed houses.

How are these Inns organised, and they organised geographically by branding, operational size?

Well you have just come in after we’ve re-organised and done everything by brand. So these are houses that aren’t branded, these are mainly community broad based pubs that happen to be in a fairly tight geographical area. So I’m lucky for that in that the area goes from the M25 in Essex out along the A13 and the A127 as far as Lee-on-Sea. (None of these are branded) no I happen to have a family Inn in there but we are not progressing family Inns, so that will be a brand that will be defunct fairly soon (tailored out) yes (so it’s just geographically it’s not operational size in operational terms these are mixed Pubs) yes, they’ve taken out the brands like Rat & Parrot, T J Barnards, oh there are a few other brands Town Pubs they’ve taken out, what’s left is mainly Pubs which are in the community broad based or sophisticated local style, and
those then are geographically grouped into areas, and I've got one of those areas.

**How long have you been an Area Manager for?**

Six years.

**Did you progress from Unit Management upwards or did you come in?**

No, no I was the audit Manager for Courage, Grand Met took over Courage and I became an Audit Manager for Grand Met. then appointed as an Area Manager for Grand Met. Scottish and Newcastle bought out Grand Met. I became an Area Manager with Scottish and Newcastle, so I've progressed really from being a stocktaker, I was a stocktaker with Whitbread's and Vance and Trust House Forte and then went to be an Audit Manager with Courage and that's when it all went into S & N.

**Did you receive an extensive training for that transition from you previous job into Area Management?**

Well your talking now six years ago and no, I took over an area of Pubs round Medway Towns and up to Dartford and it was very much in at the deep end in those days depending on the people you knew and phoning
up Area Managers and saying I’ve got this problem what the hell do I do about this. (You used some form of informal network) it was very, very informal yes, yes. (It was word of mouth, you would say whose a good person to ring up financially, whose a good person for HR) yes, but it was based on my perception of that, I mean nobody said phone Geraldine because she’s an expert at Videotek, looking back on it it was a nightmare, but you got through it.

What problems have you had this week?

I’ve been on holiday this week

The week before then?

The week before, well we’ve taken over the new areas (your geographical areas expanded or shifted) no shifted with the change of moving brands off to different regions, there’s been a total change in all the areas with Southern Inns and Northern Inns, so the problems I’ve had number one finding my new pubs. I had an Area in South East London and I’ve now got the area in Essex so for the past two weeks I’ve been finding the pubs. Specifically we had a problem at a pub in Basildon where the Manageress said I can’t control the drug pushers and drug dealers any more, the Police then said she can’t run the pub so the pub was shut for a bit. We’ve had to operate the pub with other Unit
Managers it’s been a major problem. (Costly for S & N with the Pub shut) tremendously costly in that while it was shut we took no money and when it was open we had to have security there every evening and there’s no budget for it at this particular pub. (none at all) none at all (so how did you manage that how did you find funds or did it have to be) yes, we’re now overspending our budget. (Is there not a facility within the Organisation where you could have gone to somebody to say we require this extra because of this unforeseen circumstance) no, no the budget is the budget and the budget in finite. There have on occasions been individual things were I don’t know a by-pass has been driven through right outside the pub and OK the budget has had to be changed, or a pub has reopened after redevelopment taken double that we thought it would take so the budgets been pushed up, but they’re very very rare, once the budget is set it’s concrete, (so that’s an S&N wide policy) yes (it’s in stone) absolutely. So I’m now tasked in my area with underspending in other pubs to claw back the overspend in security in that particular pub, and so it runs on, so that now gives me a problem for the rest of the year (so there is absolutely no way that you could find resources from - that is the way of finding resources) that is what my boss has said to do. Andy you won’t spend your budget on security how will you claw that back through the rest of the year, and I’ve had to come up with a plan to take
some security of this pub and that pub and that pub to pay for the pub in Basildon. (Is that a difficult job) immensely difficult they feel undercovered also the security company have been doing the security at those pubs for years and years, I come along new Area Manager and within the second week I’ve cut security and obviously there’s a backlash coming there as well.

Before the change around this just occurred with the moving away from clusters to branded where you in charge of a variety of brands?

Yes, yes before the change around I had 23 pubs in South East London and there was a Barrats and Co in there so I ran that. As it happens that’s about the only difference in my particular area, oh there was a Town pub which another region of Town Pubs, but other Area Managers will tell you stories that they had two Rat & Parrots, three Barrat & Co. two Town Pubs and they’ve all gone to various regions. As it happens my old area was mainly community broad based houses anyway, unbranded (so your luckily in that sense you didn’t have to have such a wide change of your job) um, yes, 20 of my old pubs were community broad based sophisticated locals and that’s exactly what my new area is as well. So the style of pub hasn’t change very much. I’m
finding Essex completely different to South East London (in what sense) in the sense that number one there is security on pubs in Essex and I never had security in South East London, the customers are a lot younger a lot brasher in the community broad based in Essex compared to a community broad based in South East London, the areas are significantly different in that in the old area most of my pubs were about the same a community broad based pub in Plumstead was a bit similar to a community broad based pub in Sidcup. In the new area it’s different, and the difference is Basildon. I have five pubs in Basildon and Basildon is a very very rough and dangerous area, certainly when night comes it gets rougher and more dangerous, and those pubs are significantly different to the pubs in the locality but not in Basildon, so a broad based pub in Basildon is completely different to a broad based pub two miles down the road but outside Basildon, and that’s a big change (so you have to handle lots of micro environments within your area) yes, very much so, very much so, and that completely different to what I’m used to in South East London. (Is that quite a time dependent factor on the job, it takes a lot of time to manage all these different ) I’m just learning about this now and it will take more time, and it will I’ll change my management style if you like to manage the Basildon pubs almost as a separate unit, and have meetings with those five managers and I’ve never
done anything like that before, because the pubs were very similar before. Yes and you could say that the pubs around Lee-on-Sea are slightly different to I don’t know the pubs closer to the M25, so there are definite areas in Essex which are different to other areas

**How does the reporting function in your organisation how often do you get together with your Unit Managers?**

We have an Area Meeting once a month which is partially a cascade meeting that I pass down the stuff that’s been passed down to me, and partially an Area Meeting whereby as an area this is what we are weak on this is what we need to work on in the next month this is what we’ve done well on this is what the champagne on well done, so that starts the ball rolling for the month really. I then try to have a business call with every pub once a month, and a business call goes through in-depth the business. It may be a quick walk around the pub to make sure the standards are OK (do you have some sort of monitoring method like a business score card some sort of evaluation process) there’s a head managers standard audit card that you mark off giving scores 1 - 5, and obviously a 1 is bloody diabolical I’m going to strangle you immediately unless you do something about it, and you end up with a business review
document where you write down the things that you want to do, like clean the bloody mirrors like cut the weeds down um, so there’s that. Um, the next part of the business call is a look at training and see how our service sales is going on and other managers keeping up to date with that training. Then a look through the profit and loss account to see where we are doing well, where were not doing so well, what are we going to do to make the not so well better and other review document. A look at the liqueur stock results which obviously is the bulk of the money we take, the food stock results and anything else like machine takings, and then anything else really that has cropped up during the month. (Do these meetings with UM take up best part of a morning a day or a couple of hours) business calling takes up to three hours, it’s the bulk of what I do I think. (Does that add quite a lot of time to travelling as well). Well I live in Gillingham so I go up the A2 through the Dartford crossing turn right into Essex and I’m there probably an hour and a quarter to my furthest pub three quarters of an hour to my closest one with the travelling time, if you get stuck then boy you get stuck, but you’ve got a phone so you clock up the old phone bill in the car. So that’s area meetings and business calls they are basically monitoring calls, you know you are so an so three days to go to cut the weeks down you just call in at lunch time and have a little chat (so in some ways you
could be seen as a Company inspector) that would be right, that would be exactly right.

**How often do you meet with the Operations Director?**

Again monthly, yes the cascade works there are Directors meetings, then the Managing Director meets the Regional Ops Directors, my boss, the Regional Ops Directors meets the Area Managers, Area Managers meets the Unit Managers. Various functions like the Catering functions the Machine functions the Marketing function feed in at the top and if the Managing Director says bloody good idea we need that putting out through the Company then it follows it’s cascade all the way down.

**What kind of input does that process allow from say Operations Director yourself, Unit Manager?**

From the Operations Director it’s still fairly fluid, so he’s able to say hold on this idea from the Catering wont work it needs to be tweaked and changed. By the time it gets to the Regional Ops Director telling the Area Manager I think that we probably haven’t got that much input, by then it’s set, printed those are the acetates taken out and tell your people.
(So there’s a training role there for yourself as well) oh yes, there’s an awful lot that we have to learn about at a Regional meeting because we’ve got to teach that to our Managers who have then got to teach it to there staff.

In relation to this dissemination of information and this flow of this cascade down throughout the Organisation what kind of reverse flow comes back is it mostly financial that you pass back to your Operations Director?

There’s two amounts of back flow if you like, there’s an unstructured amount that means that at an area meeting 15 Managers say the food deliveries from our food delivery company are blooming awful, we don’t get half of what we order. Now that will come back to me and I’ll end up telling Ted about that and passing it out to the people that also need to know in logistics, and that will then pass up the line so that works that way. There’s also a Managers forum I don’t know if you’ve heard about that (no). Each Area and I’m an Area Manager so that’s about 20 houses has got a forum rep. A Unit Manager who will get together with Managers informally over a drink or at the end of the Area Meeting and he’ll get things past back to him, and he will meet Ted the Regional Ops Director every two months, so that’s a flow that goes from the Managers
direct to the Regional Ops Director cutting out the Area Manager. (So in essence that’s a chance for the Unit Managers to feel that there concerns are being voiced directly) Yes, yes, it’s just in case, I mean if I’m not very good with understanding the problems with our system and I’m saying yes we’re dealing with it lads and the Managers they’re getting pissed off with it then they will pass that to their forum rep. who will pass it up to the Board. (So that kind of by passing is part of Company Policy is like a safety valve) It’s a safety valve that’s exactly right, and some Managers might be a little bit scared to tell their boss that they are not happy with something, I’d hope that they’re not with me as I’m fairly open and easy going, but maybe with some Area Managers a Manager will not want to mention that he’s totally pissed off with the Technical Services in Courage but they will mention it to the forum rep. who will mention it to the R.O.D. who will then get a flavour that all of these forum reps are saying that a lot of their Managers have got TEK services and all of a sudden we’ve spotted a problem there that needs to be sorted. You’re right in saying it’s a safety valve the Managers forum with the R.O.D is a safety valve it ensures that anything that Managers are concerned about that either hasn’t been dealt with by their Area Manager or their Area Manager doesn’t deceive it as a problem, they manage to get that information back to the R.O.D.
What percentage of your week would you say is spent on administrative work?

Administrative i.e. phoning people up, writing memos, reporting it’s difficult to say, as little as possible, I try, because I try to have as much time as possible in the pubs doing business calls. If you would say that a business call takes up blimy 70% of my time, then monitoring calls and calling in and saying hello and having a specific problem to talk to a Manager about takes up maybe another 15% of the time, then that leaves 15% of the time for the admin. I expect. (And that’s how you see the admin. you see yourself more hands on) yes, the admin. is something that arrives, it has to be done and I generally do it late at night. If you look at my call planner that says I’m in this pub this pub, this pub it doesn’t say admin. anywhere and that’s because the admin. gets pushed in at the end of the day.

How does the organisation handle that structure in your working week are there any guidelines or do they expect you to manage yourself?
It's up the Regional Ops Director we've got Ted Preisweather he's a very structured very hard focused thinker. He wants Area Managers in pubs um, if I was to write down admin. at our Gravesend office on Wednesday afternoon he would question that, he would say Andy I expect you to fit the admin. in, on Wednesday afternoon I want you in a pub somewhere, which pub will you be in. Now other R.O.D's would operate differently and maybe you might find they would say I'm really glad to see you've got admin., admin. is very very important to the business you must get it done. Ted is different to take so you work the way your R.O.D. requires you to work.

As far as the organisations policy goes how are you involved in the planning and strategies that are implemented?

If you took a blunt view you would say that Area Managers simply put into practise what they are told to do via the cascade. There are various working parties that are going on all the time. i.e. um, the millennium. There are an enormous number of working parties now working on we are going to do for the year 2000, and there are Area Manager in those working parties. There are working parties working on how we can best
use all the information that comes out of epos because we are learning about it's fairly new to us, so some Area Managers get some input into some cascade things. (Normally could you also be an Area Manager and involved in these things) Exactly (in a backaway teams in the organisation focusing in certain) yes, if you’ve got a specific interest in something and your R.O.D knows it then when your R.O.D at an executive meeting is asked we need to put together a working party so and so and we need four Area Managers then Ted will say ah yes, Andy Elton really thinks himself an expert on that we’ll pop him in the working party, so that is going on all the time. We’ve also got Champions if you like where each Area Manager is a champions for something in the business, so if for example if we as an area have a problem with for example biffa bins and all the paraphernalia that goes with that we’ve got one Area Manager whose made it his business to meet the Managing Director of Biffa and he’s got some influence with Biffa. Instead of me trying to solve some silly Biffa problem somewhere, I’ll phone up that Area Manager and say can you help with this, so that works fairly well as well. Most cascade stuff though doesn’t involve Area Manager input, the Area Manager gets the information with the timescale and gets it sorted.
What are your specific priorities as an Area Manager?

Right, I suppose that the one I’ve got to get right all the time is getting the right Manager in the right Pub. Once you’ve got that your Pub is a darned sight easier to run because the customers are happy the staff are happy the Manager is happy and when you ask that motivated Manager to do something 9 times out of 10

the moment you get the wrong Manager in the wrong Pub it goes I don’t know how I could to that, so I think that’s the priority to get the right people in the right Pub. Having done that as far as then you’ve got to train them you’ve got to motivate them and that’s what the business call is all about, being in the Pub before the bang so that your there in front of your right Manager all the time ensuring that he stays the right one for the Pub, or if the Pub changes you realise quickly because your there with them and you say the Pub is changing isn’t it, it’s really time I think for you to move on to another Pub and slamming that succession of Managers. Some up, some down, some sideways.
Specifically we look at succession and we look at upwards progression through the organisation from Unit Manager to Area Manager I would hazard a guess it’s a jump forward?

It’s a hell of a jump forward, it’s a different job, and most Pub Managers wouldn’t want to be Area Managers. Most Pub Managers would want to be maybe a manager of a bigger unit, or a more lively unit, or a quieter unit, or a more food driven unit, um very few Managers I would say would be hankering after being Area Managers. (Say I was a Unit Manager and I did manage to become an Area Manager and I was keen to have the right staff, what would the right staff be)

well that would obviously be the priority, you’d want to look at a profit and loss account where the takings were over the budget, all the controls were correct, but maybe that simply proves that he’s good at running that particular Pub, you would also need to see that he did everything the way the Company wanted to do it, because if he’s not doing it the way the Company want it done at that Pub, if you exposed him to 20 Pubs he could mess the Pubs up, in that his great ideas but it wouldn’t be the way that the Company wanted the 20 Pubs to run. (say for example that progression did take place what sort of training would the subject go
through before becoming an Area Manager) There is in the Company a succession plan that means that each Regional Ops Director has got 8 Area Managers under him and also one trainee Area Manager, and those trainees come from Pub managers, stock controllers, head office people catering executives, some of the support functions as well as Unit Managers, um and they get training that they need, er maybe a stock controller would start with being a Unit Manager for six months, a Unit Manager who wants to be an Area Manager he wouldn’t be a Unit Manager for another six months he’s done that he’s been there and done it, his training would be slightly different, but it wouldn’t be exposing him to every single aspect of Head Office support. (So it’s essentially subject specific) yes, there’s a structure there and would tell you that structure, but it would be obviously specific to the needs of the respective Area Manager. Generally speaking the trainee Area Managers have been trainee Area Managers for a year before then taking over an Area.

**Within the organisation are there certain people that you rely on for fulfilling your job?**

Yes, there’s a support function for everything that I need as an Area Manager, so if I’ve got a problem with a menu something to do with
catering I’d ask the catering exec to look at it, if I’ve got a problem with automatic machines I’d ask our Automatic Machine Manager to look at it, likewise Personnel, Stock Control I mean the list is endless (is access to them quite easy, do you find it quite easy to get the information you require). That depends on them generally, there are people who are excellent at their job you will send them a voice com and you will get a reply and some action within half an hour. There are people you will send a voice com, a memo, another memo you then copy Ted the R.O.D. into it and then something begins to happen, but it’s not quite right and you may end up doing the job yourself. So it depends on the quality of the people, generally speaking the quality of the people is good because they come together at a Regional Meeting and sometimes at a Regional Meeting we’ll say your rubbish and also all of a sudden the other Area Managers will say we agree (criticised by you) ya, quite right and it’s got to be like that so I think the weak links are managed fairly quickly (so occasionally you do have to bang heads and rock boats) oh, yes definitely and those people know very quickly that they are not doing what we like them to do, because number one the Area Managers are telling them, we’re telling Ted, Ted is telling them, The difficulty with the functions is that there managed by their own Managers rather then by Ted, for example the Machines Manager for the East Region is David Clarke
and he works with Ted and us in the East Region but he’s managed by the Machines Manager who doesn’t know us at all, and that’s a strange mix really (so in that sense it can be seen as a bit of a problem because as we said the Machine Manager is under you authority to a certain extent to solve problems in your Area) yes, he’s on a level with me really but he’s under Ted’s authority to help me ( it’s a bit of a dichotomy) yes, he’s also managed by his boss who manages all the Machines Managers in Southern Inns, so sometimes he’s stretched a bit with Ted saying I want this in the East Region and his boss saying I want this as a machine strategy. (Is that a problem that you think can be solved) S & N have managed it this way for a long time I don’t know whether they will change it in the future and say if you work in the East Region you work for Ted, that would certainly help us in the East Region, whether or not it would help the overall strategy for catering machines etc. etc.I don’t know. (So essentially if you do have a problem of that nature we could go even back to the problem of security there would be somebody within the organisation you could phone, even if it is someone to bounce an idea off or sounding board) there would always be someone to phone and get some ideas from yes, sometimes the solution lies with yourself. There’s no one who can say Andy I can solve that problem for you, but there’s always someone who can say that when this happened at so and so Pub
three years ago we did this, this, and this have you considered that angle, there will always be someone who can tell you to speak to someone else or give a bit of information about what’s happened in the past, but it’s still your problem and you’ve still got to find someone to manage that Pub, no one is going to say solved that for you Andy there you go.

Is HR a problem for you are you continually having to restaff Pubs, I imagine there’s a high turnover?

Yes, there’s a huge incredible turnover (is that quite time consuming) yes, here today and it’s very important that we take people on it’s a whole day out of my call plan, so it takes a lot of time and then tomorrow I’m interviewing all afternoon for a Pub and Thursday I’m interviewing all afternoon for a Pub, so when I haven’t got a Manager in a Pub I’ve got a huge problem (so that’s a recurrent thing) yes, constant journey (hospitality is a hard job keeping people in positions) yes, yes (I guess the traditional view low pay long hours bad working conditions is there some kind of background formalisation or some kind of working group trying to address that problem) I don’t know that you would have to ask our Human Resources Manager about that she’s the lady to speak to. (So recruitment is a major part of your job) yes, I’m a much happier Area Manager when I’ve got a Manager in every Pub, and I’d say when I
haven’t got a Manager in a Pub I’ve got to spend more time managing that Pub and also more time recruiting a Manager for that Pub, so that takes a big chunk it’s not all of a sudden one twentieth of my job anymore it’s four twentieths of my job, which means the other nineteen have got to suffer a little bit.

What would you say that the worst aspects of your job are?

The worst aspects are that things happen quickly and to do everything that you need to do in a month you have to be structured you have to say you are going to be there at 9 o’clock there at 11 o’clock and then a problem arises and one of the worst things is trying to restructure everything to solve the problem and still get into the Pubs that you have to get in in the month to get things done, that’s a big thing for me because I’m a very structured person and I’ve got lists and things and the moment I’ve got to change my lists that a real problem. I’ve spent all Wednesday night planning that list and on Thursday morning someone phones up with a major problem and the list is just wiped out, so moving things around and making sure I can react quickly to something that happens, that’s a big problem because of the pressure of getting everything into a period which for us is a month. (Your organisations are quite tight there is a pressure) timescales are that we’ve asked you to
do this by this time and me phoning up to say well I can’t because I’ve got a few problems here and there doesn’t really help.

**What would you say that are the best aspect of your job as an Area Manager?**

Power, strange thing to say really but it is a powerful thing to say well there’s a Pub and everything that happens at that Pub I’ve instigated, organised it, required it to happen and it’s happened and those customers in there are drinking in there I hope because I’ve got the right Manager and I’ve motivated him and he’s motivated his staff and we’ve got the right products um, so that the power thing and working with 20 people that I enjoy working with because I’ve appointed them. At the moment I’m working with 20 people that I haven’t appointed because I’ve just moved into a new area but I’m getting to know those and a few need to be moved around you know pretty soon I’ll be working with my people (your kind of people) yes, ya. So I think that’s it the power and the people that you work with, variety, you’ve got to say variety. I’ll be sorting out a block of and working out a £300,000 spend on a Pub the next, and then working on training issues the next, it might be a disciplinary meeting the next I mean the variety is huge (continual change) yes, I thrive on change and it’s also the biggest problem that I’ve
got, the change i.e. there's my list of things I'm doing this week oh my god it's just been thrown in the air but I've still got to do everything.
APPENDIX 2
Thematic Areas for a Literature Review

For: Prof. M. Riley
From: B.M. Ritchie
Authority

The ability to govern and to produce work within an organisation out of subordinate groupings is partly due to the level of authority an individual has over one or more other individuals in that organisation.

The extent of the ‘right of governance’ the incumbent has in any given position will be dictated by the type and level of authority attached to the position. This will also include secondary factors that will affect a person in a given position inside the organisation. These may include areas, such as, organisational policy, working technologies, and the socio-environmental framework specific to the focus organisation.

The organisation will designate the type and level of authority it gives to the organisation’s officers by methods and systems of control. Control is gained via authority through the organisation’s culture and policies of employee sanction and reward. This mechanism inhibits the freedom of those who do not follow the organisation’s wishes and rewards those who do. How the organisation delegates the authority to govern will be set by organisational policy and arbitrated by its officers. Control may be a by-product of organisational authority but power is something that is attached to the person as well as the role. Authority can be seen as a legitimate or illegitimate entity in relation to the right to govern where as power can be seen as the tool. The use of power has to be fair and reasonable in the minds of the people who fall under its jurisdiction within the organisation. If power is not used in a legitimate manner it has limited long term viability. Power in the short term may be both a manipulative and coercive force inside the organisation as well as a positive and enabling factor.

The area manager in a multi-site organisation has to be able to assert and maintain authority over employees in many different localities each containing subtle differences in cultural and operating variables. The level of power the AM has is pre-set by the organisation and their authority will be dependent on their individual suitability to the position. AM control over such an organisation will be helped by the formalisation and standardisation of system wide operating and reporting systems.
Information Exchange

The role of information within the organisation can be seen as the ‘lifeblood’ of its existence. It is the enabling factor in the formulation and execution of the organisation in its political and strategic actions. Information will be collected at the many nodes within the organisation and then passed through various hubs and routers to be disseminated and delivered to those areas within the organisation who require it. The organisation will consist of a formal information system, which will follow certain predefined terms, and an informal information network, which will be a lot harder to define. The informal information system will consist of certain nodes that have a high frequency of information arriving and leaving from them regardless of their position or placement within the organisation. This may include items such as gossip and information gained outside the usual network. This secondary system is very important to the organisation. The frequency of information flows will be dependent upon where the information is coming from and going to. The organisation will consist of various ‘nerve’ centres where the frequency of information exchanged will be disproportionate to other areas of the organisation i.e. the front switchboard will probably route more information than the petty cash office.

The direction of the information flow will be governed by the order of hierarchy inside the organisation and the span of control. The information reporting will be a two way process consisting of signals and responses. Higher order information will be sent down from the senior levels of the organisation and passed down through out the various levels of the organisation to be distributed to the right receiver. The type of information required at the various levels of the organisation may be different in context and use as the scope and importance of decision making increases as one progresses through the levels of hierarchy. The information processed within the organisation will be filtered and disseminated with the discretion of its agents throughout the organisation. This function of information access is a form of organisational control as ultimately it can affect the incumbent’s productivity and success in their job.

The area manager as a conduit sitting between the operations director and the various unit managers can be seen as an extremely important information agent for the multi-site organisation. The AM has the responsibility for disseminating information down from senior management above to the UM’s below and reporting ‘back up the ladder’ their geographic areas operational information. The incumbent in the position of AM will be an important formal and informal information hub as they will be a member of many different operating environments and information dyads. The AM in this ‘boundary spanning’ role will also come into contact with external information source as well as internal ones that may be of use to the organisation, such as, suppliers and contractors.
Role

Our social reality consists of actors fulfilling the roles that are contained within the host society. This is also a reality within the organisation. The division of labour that occurs in the rationalisation of any organisation produces a collection of positions with their related 'rights of office' that require a role to be played by the actor filling it. This role within the organisation is just one, although important, role the individual will be contained in their everyday life. The roles an individual may play in a society outside of their work organisation may be numerous, for example: father, husband, brother, friend, teacher, swimmer, and hockey captain. Each role has an inherent package of expected behaviour attached to it. The individual will behave very differently in the role of hockey player in comparison to that of father. This behaviour is forged by the expectancies of the greater society that the role is contained within. The expectancy of the wider society and the actual behavioural and psychological abilities of the individual can be out of parity. If this occurs the individual will be in conflict with the role they are contained within. If the role definition or behavioural contract is imprecise then again the individual will show some form of dissonance with the role. In society an example of this would be the difficult transition taken in the movement from adolescent to becoming an adult. This transition has certain behaviour types attached to being a teenager that are very different to the types of behaviour associated with being an adult. This situation can become complicated and conflict laden for the individual when he or she is expected to behave like an adolescent with peers and adult with family.

Within the organisation these sociological factors are mirrored in their totality. The individual may be in a position that is psychologically impossible for them and conflict will occur between the individual and the role to be assumed. The employment contract attached to a position along with the issues of interdependence, authority, and responsibility may be ambiguous. These uncertainties can cause role ambiguity and conflict for the individual trying to fulfil that role within the organisation.

Role conflict of this nature, particularly in multi-site operations, can be caused by a number of areas of importance, such as, the level of formalisation given in the definition of roles and responsibilities, and the levels information and resource interdependence in the organisation.

The position of AM in a multi-site organisation will carry a difficult role for any incumbent to play. The AM has the responsibility for many operational variables within the organisation in a number of different locations. The AM has to play a different role in relation to their subordinates and superiors as both parties expect different things. These factors mean that the incumbent in the position of AM has to find a management style that will fit the role and be effective across the entire organisation. The position of AM, because of the multiplicity of operations, policies, and goals under their jurisdiction, can be seen to harbour ambiguity, which will create a residual level of conflict between the individual and the role.
Knowledge

The concept of knowledge inside the organisation has a number of meanings. The organisation will contain an inherent level of core or ‘critical’ knowledge that all incumbents must have an understanding of to be a part of the system. This will be homogeneous in nature and be system wide. This system wide knowledge would be in the form of core policy and central foundation documents i.e. mission statement, core strategies, service statements and standards.

Each incumbent in a position within the organisation will share this homogeneous knowledge with a level of heterogeneous knowledge that is position and incumbent specific. The position for which the incumbent is employed will determine what type and amount of specific knowledge is required to be effective. An accountant will use and be privy to a lot more heterogeneous knowledge than a receptionist will. The level of position specific knowledge will also be dependent upon the incumbent’s previous experience. If an individual has worked in more than one organisation in a similar role then there will be a greater chance that they will be better suited for a given position than someone with no experience. Conflict can occur when an individual’s past experience dictates a solution to a situation that is different than the homogeneous corporate solution.

In multi-unit organisations homogeneous and heterogeneous are important factors to take into consideration. On a system wide macro level the multi-unit organisation will try to employ generic operation and service standards in an attempt to formalise its operations to help it battle against operational complexities and uncertainties that occur due to operating in multiple localities. Beyond this at the unit level the multi-unit organisation will have to use heterogeneous knowledge to help understand the subtle micro levels changes in a singular unit environment.

The AM will require a high level of homogeneous and heterogeneous knowledge to rationalise their position in a multi-unit organisation. The AM as knowledge worker will have to decide what is required system wide knowledge and what knowledge is position specific to their job. This decision will affect their authority and success at the job as it will delegate the levels of environmental awareness and the level of operational understanding the incumbent shows. If there is a deficit in the actual level of knowledge and the required level the incumbent will have to alter address this balance to be competent in their environment. Again, past experience and training will interplay on these factors.
Skills

Any given position in society requires a requisite set of skills that the individual must possess to be considered successful in that position. These skills are of fundamental importance in the suitability of a candidate in a given position and can be seen as inherent and intrinsic to the individual. These skills are intangible and can be seen as social and personal skills i.e. humour, intelligence, empathy, wisdom, wit, and spatial and political awareness.

In every organisation the skill sets that are required will be slightly different as will those internally on a job to job comparison. The ability for a candidate to match the necessary level and types of skills will dictate their overall future within the host organisation.

The AM in multi-unit organisations will require a diverse and variable skills set as they are expected to be able to deal with senior and subordinate colleges as well as external agents. The fact that the AM has to collect information from the units and report upwards as well as disseminate strategic information downwards requires a holistic set of social skills. In being seen as a ‘coach’ and ‘team leader’ by the AM’s subordinates and as ‘company man’ by superiors requires a certain dichotomy in behaviour and social skills.
Goals

Internally an organisation will decide through planning and strategic formulation what it considers to be its goals and objectives. Within this formulaic framework of major or first level goals the organisation will set second level or subordinate goals for internal departments and their representative employees. The organisation will have two types of goals running concurrently, those of productivity or output and those of order or process. This can be a major cause for conflict in an organisation as they may be opposed. For example, if a hotel organisation has a goal of order to cut overall recruitment spending by 15% over the next three years but has a goal of productivity to attain growth of 20% over the next five years the two goals will be in direct conflict with each other.

The above problem is mirrored in multi-unit organisations as the goal of growth is usually in the forefront along with standardisation and tight fiscal policy to reduce uncertainty and cost. In most cases the two are opposed and present the organisation with a problem of ambiguity in relation to their relative importance. The AM is usually at the forefront of this situation controlling a number of localities operational and financial attributes whilst the organisation tries to locate and develop more operational units to create system growth. The AM may find that their own personal goals conflict with the organisation, which will also be a causal factor for conflict in their job.
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NAME:  
SEX:  
AGE:  

NATIONALITY:  

- How long have you been an area manager for your present employer?  
  YEARS  
  MONTHS  

- Please give your previous employment positions (starting with your last position first)  

<table>
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<tr>
<th>Job Title</th>
<th>Company</th>
<th>Time Length in Position</th>
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- Did you undertake any further education after secondary school?  
  YES  
  NO  

- If so please tick the highest level of qualification or equivalence you gained.  
  GNVQ/H.N.C.  
  H.N.D.  
  Professional Diploma  
  City & Guilds  
  Degree  
  Masters Degree
- In your role as Area Manager has the company sent you on any formal training?
  YES  NO

- If so, approximately how many days in total did the training amount to?
  1 DAY  1-4 DAYS  4-7 DAYS  7+ DAYS

- How many restaurants and hotels do you oversee in your area?
  Restaurants  Hotels

- What is the average monthly sales revenue of your area?
  £

- What is the largest and smallest monthly restaurant sales revenue in your area?
  Largest  £  Smallest  £

- What is the largest and smallest monthly hotel sales revenue in your area?
  Largest  £  Smallest  £

- On average how many hours per week do you spend working?

- On average how many hours per week do you spend doing routine paperwork?

- On average how many hours do you spend at a restaurant or hotel unit on a visit?

Thank You
APPENDIX 6
26th May 2000

XXXX XXXXX
XXXXXXXX,
XXXXXXX,
XXXXXXX,
XXX XXX.

Dear XXXXX,

It was good to finally talk to you on Tuesday afternoon and I am writing with regard to the conversation and our meeting on the 30th. I am reading my Ph.D. in organisational theory and behaviour. The main focus of my study is role of area management in multi-unit organisations. In particular, I am looking at the degree to which strategy in these organisations encompasses environmental contingency.

I have enclosed a copy of the prototype questionnaire and an incident sheet that will combine to form the study diary, which I hope to use within XXXXXXXXX. The questionnaire portion of the study will be given to the area manager initially (being contained on the first page of the first diary). This questionnaire is designed to gain information about the operational complexity of the territory and the human capital of the respondent. This will be followed by a number of incident sheets (approximately 10 per diary) that an area manager can fill during the course of each pre-selected day of the study.

The study is dependent upon the number of respondents and I was hoping to use at least 15 area managers from at least two different regional parts of the UK. The diary will be the size of a small notepad and will be given to the respondent on a series of non-consecutive days. The incident sheets are easy to fill and each sheet will take very little time to be completed during the study period. Having seen how busy an area manager is, minimising the time taken to complete an incident sheet was of prime importance to me. A diary will be given to each respondent on a Monday, Wednesday and Friday of the first week, and then on a Tuesday and Thursday of the following week, until the end of the study. I hope to be able to run the study for 4-5 weeks.

The gained information will be treated with complete discretion and anonymity. At the end of the study I will provide XXXXXXXXX with a report of the study findings, which should provide the organisation with some interesting data for HR or Operational use. I look forward to our meeting on Tuesday and the chance to answer your questions and discuss this in further detail.

Yours faithfully,

Bret M. Ritchie
Dear «FirstName»,

I have been given your name by XXXXXX and XXXXXXX as a candidate to assist me with a research study that I am conducting in XXXXXX. The study is focusing upon management and corporate strategy in XXXXXX. The goal of the study is to gain an insight and understanding into the difficulties of regional management in large multi-site organisations.

The study consists of the use of a series of diaries given to a manager, which capture information about communication in relation to non-routine job incidents. The pack I have sent you consists of 15 numbered diaries to record non-routine incidents. The diaries will only be used on non-consecutive days (i.e., wk1. Mon, Wed, Fri then wk2. Tue, Thu, etc. etc.).

The diaries have been designed so that they can be completed easily and quickly (3-4 minutes an incident, a maximum of ten incident sheets a day). I intend to run the study for five weeks in total, which will equate to a total of 15 days of diary completion. Instructions and a definition of a non-routine incident are on the front of each diary. The first diary contains a demographic questionnaire that must be completed by all respondents. It is very important that you send each diary back, whether it contains completed incident sheets or not, inside the envelope attached to the back. The information given will be treated as confidential and its use will be entirely anonymous.

If you wish to contact me, please don’t hesitate to call me on 07968-204434 or 01483-876300.

Yours sincerely,

Bret M. Ritchie (Ph.D. Researcher)
APPENDIX 7
Non-Routine Incident Diary
No. 1

DATE: / /2000

Please fill in the date today

Please take a diary with you on every other working day over a period of five weeks. After your day has ended please post this diary in the envelope supplied at the back.

This diary consists of an employment history questionnaire that should be completed and a number of incident sheets (a maximum of ten per day) that should be completed as and when a non-routine incident occurs in your working hours.

- As a manager you face routine tasks on a day-to-day basis. I am interested in those incidents or events that are non-routine that you have to deal with as part of your working day.

- A non-routine incident may be an unplanned and/or infrequent event that comes to your knowledge within this working day. This could also include an incident that may have already occurred previously in the company's history.

- If you are unsure if an incident is non-routine or not please fill an incident form anyway.

If you have any questions about the study, please do not hesitate to contact me on 07968-204434. Thank you very much for your co-operation, Bret Ritchie
APPENDIX 8
My research is drawing to a close and once again I have to ask you for your assistance as a member of the expert panel that convened, on the 2nd of November 2000 at the Savoy, for the Formality Indicators Workshop. As one final duty (I promise!) I hope to enlist your expertise in helping complete the final stage of the process.

I have enclosed three organisations that are, as given by my summary and judgement, either relatively formal or informal in comparison to each other. All that is required is that you read each case summary and agree or disagree with my judgement on the relative degree of formality the respondent organisation displays.

The summary and judgement given for each organisation has been constructed after analysis of a number of data sources. The production of the summaries occurred with specific regard to the valid 'strong' formality indicators (16 in total – see the enclosed list) that were identified and validated at the workshop. Furthermore, this was supported and triangulated by information gained from an observation period in each company, in-depth analysis of corporate documentation and a series of interviews conducted with senior management. Each organisation’s identity is confidential and I have only emphasised the structural points that were identified by the relevant indicators.

I have enclosed a stamp-addressed envelope for your convenience. Thank you very much for your assistance with my study and if there is any general information that I can provide you with please don’t hesitate to contact me upon: (07968) 204434 or msp2br@surrey.ac.uk

Kind regards,

Bret M. Ritchie
**Strong Formality Indicators**

(Blue Letters = organisations that exhibit the specific factor)

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<tr>
<td>Increasing numbers of organisational levels</td>
<td>Increasing uniformity of span of control</td>
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<td>The use and increasing application of written role definitions (job descriptions)</td>
<td>The use and increasing application of a job evaluation scheme</td>
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<td>(C\ D\ E)</td>
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<td>The use and increasing application of a structured reporting system (MIS)</td>
<td>The use of quantifiable employee performance targets</td>
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<td>(D\ E)</td>
<td>(C\ D\ E)</td>
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<td>The existence of a formal employee handbook</td>
<td>The use and increasing application of documentation on policy and procedures</td>
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<td>(C\ D\ E)</td>
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<td>The existence of a strategic planning committee</td>
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<td>Minutes taken in organisational meetings</td>
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<td>CDE</td>
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<td>The application of structured interviewing techniques</td>
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<td>CDE</td>
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<td>15.</td>
<td>The use and increasing application of output production standards</td>
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<td>CDE</td>
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Organisation C

Organisation C displays a flatter structure in terms of the number of observed organisational levels and often does not display uniformity in span of control across a number of incumbent positions. There is a high degree of personal autonomy within many of the positions in the organisation. There is not a structured approach taken to written role definitions and job remits. Furthermore many jobs have no written definition within the organisation. Job and performance evaluation is based around simple budget targets and financial factors and is quite subjective. Information technology within organisation is maladapted and does not assist the organisation’s key processes beyond that of a basic level. Moreover, some of the information technology used in organisation A is actually obstructive to key roles and functions.

An employee handbook exists for organisation C but does not contain much more than the basic legally required information on employment and disciplinary procedure. Documentation of policy and procedure exists but again does not seem to cover more than the necessary legal documentation. Corporate documentation does not seem pervasive and freely available throughout the organisation. Organisation C does not have a specific strategic planning committee and most meeting are not chaired. The organisational calendar is not well documented or prolific throughout the organisation while many of the events that are found within it are prone to last minute change. Training is not systematic for many positions and is not structured throughout career tenure. Production and service standards within the organisation are monitored but quality auditing and benchmarking processes often do not exist and if they do are not defined, documented or systemic.

My Judgement = Organisation C is relatively INFORMAL.
Please Circle Your Judgement = Agree / Disagree
Organisation D

Organisation D displays a taller structure in terms of the number of observed organisational levels and often displays a high degree of uniformity in span of control across incumbent positions. There is a very low degree of personal autonomy within many of the positions within the organisation. There is a structured almost scientific approach taken to written role definitions and job remits. This type of documentation is highly structured and extensive. Job and performance evaluation is based around a number of objective measures that correspond to budget targets and financial quotas. Information technology within organisation is highly developed. The organisation had an IT committee. The IT systems are well integrated and can be said to enable and facilitate core processes.

An extensive and detailed employee handbook is available within organisation D containing much more than the basic legally required information. Extensive and thorough documentation on policy and procedure exists across the organisation and covers most aspects of a topic down to minute detail. This is especially true in terms of production standards. The availability of targeted and structured organisational information to all staff is considered an absolute critical necessity. Organisation D has a specific strategic planning committee and most meeting are chaired. The organisational calendar is a highly structured document containing every official activity within the organisation and is available throughout the organisation. Training is systematic for most positions and is structured throughout career progression. Production and service standards within the organisation are monitored and quality auditing and benchmarking processes are defined, documented and systemic throughout.

My Judgement = Organisation D is relatively FORMAL

Please Circle Your Judgement = Agree / Disagree
Organisation E

Organisation E displays a taller structure, in terms of the number of observed organisational levels, and often displays a high degree of uniformity in span of control across incumbent positions. There is a low degree of personal autonomy within many of the positions within the organisation. There is a structured approach taken to written role definitions and job remits. This type of documentation is highly structured and extensive. Job and performance evaluation is based around a number of objective measures and not just based only on budget targets and financial quotas. Information technology within organisation is highly developed and there are many IT initiatives ongoing within the organisation. The organisation had IT steering and development committees. The IT systems are well integrated and can be said to enable and facilitate core processes to higher level.

An extensive and detailed employee handbook is available within organisation E containing much more than the basic legally required information. Extensive and thorough documentation on policy and procedure exists across the organisation and covers most aspects of a topic down to minute detail. The availability of targeted and structured organisational information to all staff is considered an absolute critical necessity. Organisation E has a specific strategic planning committee and most meeting are chaired. The organisational calendar is a highly structured document containing every official activity within the organisation and is available throughout the organisation. Training is systematic for all positions and is structured throughout career tenure. Production and service standards within the organisation are monitored and quality auditing and benchmarking processes are defined, documented and systemic throughout.

My Judgement = Organisation E is relatively FORMAL

Please Circle Your Judgement = Agree / Disagree