01
Organisations

LEARNING OBJECTIVES

After studying this chapter, you should understand:

- organisations: what they are for, how they are classified and how classification might change over time;
- the factors that define organisation shape and size;
- corporate strategy, policy and objectives;
- SWOT and PESTLE (STEEPLE) analysis.

Why organisations exist

We live in a society dominated by organisations. All of the major factors of our lives – our birth, health, education, marriage, employment, even our death – are influenced or handled by one kind of organisation or another. Organisations exist so that in our capitalist world we can survive. The interdependence of human life makes the need for an organisation an imperative.

Organisations allow us to manage a range of complex activities that result in the provision of a product or service to a customer. There are therefore vast industries involved in producing our basic needs as well as travel, leisure and entertainment. In fact, organisations are set up to serve us, not solely in order to survive, but to survive for longer, in greater comfort, and so that we may lead an interesting and pleasurable life. Organisations are the infrastructure of modern civilised societies.

Public sector organisations

The UK has a mixed economy, which means that some organisations are influenced by central government to achieve social aims. For example, government departments and local authorities provide us with essential services such as those for health, education, highways, policing, social services and for dealing with emergencies. These organisations are said to be in the public sector. The provision of public transport and utility services such as rail and some bus services, water, gas, electricity and telecommunications, used to be in the public sector, but privatisation towards the end of the 20th century transferred them to the private sector. As Kew and Stredwick (2017, p173) write: 'distinctions between [public and private organisations] are not now as watertight as they were … Some public goods and natural monopolies are now supplied by private businesses, and the private and voluntary sectors provide some services, such as refuse collection and welfare, on behalf of the public sector.'

Ultimately, all public sector organisations are responsible to central government. Those who influence and set policy, 'the politicians', are, in turn, accountable to the public. They, the politicians, derive their authority to make decisions and take actions on our behalf from what is called *public trust*.

Politicians set agendas and develop policy, which define the framework against which salaried bureaucrats manage the local council or a chief constable manages a police force. If the public is not satisfied with the way that they have done this, the political leaders can be replaced at the next election through the voting system. This concept of public accountability of the police forces in England and Wales was further emphasised by the introduction of the role of 'Police and Crime Commissioner in 2012' (Eaton, 2012, p16). Note: The Police and Crime Commissioner is responsible for: how an area is policed, the police budget, the amount of council tax charged for the police and the information about what the local police are doing within a given area (https://www.gov.uk/police-and-crime-commissioners).

Usually, politicians are amateurs in terms of the specific responsibilities they are given, and the policy decisions they make are based upon advice from employed experts, who are 'salaried bureaucrats'. These bureaucrats are therefore advisers but they are also managers who have responsibility for implementing policy decisions. At the very top of central government, experts who are senior civil servants remain in their positions regardless of any political changes that the electorate makes.

Within public sector organisations, because of the way they have changed over time, the market culture, as opposed to a culture of administration, is predominating (Kew and Stredwick, 2017).

There is a clear trend in the UK, and many other western countries, largely driven by capitalist ideology, to minimise the role of government in business and to increase the participation of the private sector into activities that were previously the role of the public sector. In the 1980s, Margaret Thatcher, in her tenure as prime minister, started the trend towards privatisation. Similarly, Ronald Reagan as the president of the United States, as a like-minded supporter of Margaret Thatcher, energetically drove the privatisation agenda. The European Union (EU), although having a social dimension to its political agenda, largely drives capitalist thinking and business ideals. Tony Blair, when UK prime minister (1997–2007), argued that, so long as there is accountability, it is of no importance who owns an organisation,

Activity 1.1

Birmingham City Council has 120 elected members who usually, but not always, have some political affiliation. They are elected by their constituents and so represent a 'ward' or area. At the time of writing this chapter, January 2018, the make-up of the council was: Conservative (29), Independent (1), Labour (79), Liberal Democrat (10) with one vacant position. Councillors should represent the whole community but clearly they have a specific duty to those people, from their ward, who elected them to 'office'. 'Councillors are not paid a salary for their work, but they do receive allowances. By law, all members of the council are required to complete a Declaration of Interest form, the details of which are published annually' (https://www.birmingham.gov.uk/councillors).

Birmingham has a mayor who represents the city at major functions and also 'chairs' all council meetings. The council has adopted what is called, the 'Leader Cabinet' model of governance. As well as a mayor, the council has a 'leader'. This role is the political head, and so drives the council's agenda. The cabinet is a group of councillors, including the leader, who work with council staff to run the council. With some limitations on major policy issues, which have to be referred to the full council, the cabinet can take most decisions.

The council's agenda is turned into reality by the 'Head of Paid Services' (Stella Manzie, CBE, Interim Chief Executive, as of January 2018) who is the council's chief executive, a salaried employee of the council. Her role is to run the council on a day-to-day basis with the help of her directors and in cooperation with the leader of the council and cabinet.

Birmingham City Council produces, each year, an informative document called the 'Constitution'. This document explains how the council is structured and managed. You can find this document by searching for 'Constitution' on the council's website as a download.

Investigate how councils operate:

1. Using the information above and Birmingham City Council's 'Constitution' document, determine how the leader of the council can be removed from position if it is considered that he/she is not performing effectively in their leadership role.
2. Access your local council's website and determine how the council is structured. How, for example, are cabinet members chosen? How does the leader of the council make sure that what the council does is in accordance with good practice and is legally compliant?
3. In some councils the mayoral position, such as the mayors of London, West Midlands and Greater Manchester, are elected by the people and not by councillors. Investigate, using the website for the Greater London (or West Midlands) authority:
   - the purpose of the role of mayor;
   - how the mayor is elected;
   - how long the incumbent mayor remains in post before having to stand for re-election.

public or private, but rather how effectively and efficiently they provide a service. It is now taken for granted that the role of the public services can be provided by private organisations.

Private sector organisations

The private sector is made up of industrial and commercial companies that have evolved to respond to the demands of the market. Each company exists to make a profit. The owners and prime beneficiaries are shareholders. The members of the board of directors, who are responsible for managing the company, are elected to their positions by the shareholders. The directors' authority to make decisions and take actions is derived from the ownership of the organisation.

The directors on the 'board' are employed experts who formulate and implement policy. If the shareholders do not approve of the way the organisation is being managed they can vote for changes in particular decisions and, when they consider it is necessary, they may vote directors out of office. The shareholders' opportunity to vote arises at the organisation's annual general meeting (AGM), where the directors report on the past year's performance, and present plans for the future. In reality, shareholding has become scattered widely among individuals and institutions, and many shareholders never attend AGMs.

Activity 1.2

The following are all private companies. Some of the names will be familiar, some will not. They have been chosen because their company's profile can be found on 'Market Line', which offers background information, historical context, usually financial information and SWOT analyses. All private companies have to be registered at Companies House.

For students, access to company profiles is usually via your university's learning and resources 'IT' portal. Access to company profiles for members of the Chartered Institute of Personnel and Development (CIPD) is via the CIPD's 'Knowledge Hub'.

Access the company profiles for three of the companies listed below and determine:

1. The range of activities with which the companies engage.
2. The brands that the companies own.
3. The countries in which the organisations conduct business.
4. The names of the individuals who hold the key managerial positions.
5. The financial turnover of the businesses.

List of companies: Specsavers; Arcadia; Bechtel; Cargill, Incorporated; INEOS; Mars food processing; Wates Group.

KEY CONCEPT: DEFINITIONS OF AN ORGANISATION

Schein (1980) defines the organisation as 'the planned coordination of the activities of a number of people for the achievement of some common, explicit purpose or goal, through division of labour and function, and through a hierarchy of authority and responsibility'.

Compare Schein's definition with that of Greenberg (2013, p11), who writes:

> An organisation is a structured social system consisting of groups and individuals working together to meet agreed-upon objectives. In other words, organisations consist of structured social units, such as individuals and/or work groups, who strive to attain a common goal.

Schein's definition has stood the test of time and still holds good today. As a preference, Schein's definition is perhaps more appropriate to a business-focused organisation because he introduces the notion of authority and responsibility.

Activity 1.3

Using Edgar Schein's definition of an organisation, do you think it adequately describes the activities of:

- A 'food bank', which collects donations of food and distributes it to the less fortunate in society?
- A local nursery?
- The Lawn Tennis Association?
- A climbing club?

Types of organisation

As well as defining organisations, theorists also classify them. Previously in the narrative, organisations were classed as *public* or *private* sector undertakings. In 1966, Blau and Scott classified organisations in terms of who are the prime beneficiaries *of the organisation*. They proposed four types:

1. *Mutual benefit organisations,* in which the members are the prime beneficiaries. A trade union is one obvious example. Others include sports and social clubs, some building societies and professional institutions, such as the CIPD.
2. *Business concerns*, in which the shareholders are the prime beneficiaries. These are commercial and industrial profit-oriented organisations. Examples are vehicle manufacturers and supermarkets.
3. *Service organisations*, in which the prime beneficiaries are the users, such as customers and clients. Examples of such organisations are health and educational institutions.

4 *Commonweal organisations*, in which the public are the prime beneficiaries. Examples are the armed services, central and local government and the United Nations. *(Blau and Scott, 1966)*

Many services hitherto provided by the state have, over time, been sold into the private sector. For example: Post Office Telephones became BT, the large utilities companies providing gas, water and electricity also moved into private ownership, as did British Rail.

Charitable organisations in the UK have grown considerably since Blau and Scott proposed their classification. It was claimed then that any organisation would fit into one of their four categories, but it is difficult to see how any of the four categories could accommodate a charitable organisation; perhaps there is room for a fifth category?

An alternative to a charitable organisation is a community interest company (CIC). This is a type of company designed, in particular, for the social enterprise sector. The company uses its profits and assets for the public good. CICs are easy to set up. They have the flexibility and certainty of the company format – for example, they can offer shares – but with some special features to ensure they are working for the benefit of the community. A CIC is not a charity but a charity could convert into a CIC. A CIC does not have the same tax advantages as a charity, but it is not as heavily regulated. It can develop a brand identity.

Activity 1.4

Access the government website at: https://www.gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies – and explore further the opportunities that creating a CIC offers groups of people.

Particularly access the following case studies, which are available through the website:

- The Isle of Skye Ferry
- Bookdonors
- Spokes.

Further work by Maltby (2003), cited in Kew and Stredwick (2017, p175), suggests that it is 'oversimplistic to see a simple dichotomy between privatised companies and national industries. In fact there is a continuum of types… from public sector to private sector.' A more realistic typology is:

- *Nationalised industries*.
- *Public PLCs*, where a company operates as though it is in the private sector. Kew and Stredwick (2017) quote the *pre-privatised* Royal Mail as an example of this type of company.
- *Public interest company* (PIC) – these are usually set up to provide a public service; they do not, for example, have shareholders, eg a housing association.
- *Public/private partnership* (PPP), including privately funded institution (PFI) contracts – the National Air Traffic Services (NATS Holdings) is a PPP, which embodies government and private ownership. NATS provides air traffic control across the UK.

- *Regulated private companies* – these are typically privatised institutions such as the water, gas, electrical and telecommunication companies.
- *Private companies. Adapted from Kew and Stredwick (2013, pp175–76) with kind permission of the CIPD/Kogan Page.*

There are many types of privately owned organisations and they appear in many different shapes, sizes and configurations:

- *Public limited company* (PLC) – shares of this type of company can be sold on the stock exchange to realise capital and the company can make acquisitions. There are a number of criteria that have to be satisfied – for example, the number of directors and *the requirement to hold annual general meetings*.
- *Limited company* – the main advantage is that the personal assets of the investors are protected. The advantages include the ability to restrict who can buy shares – unlike a PLC, whose shares are available to any investor.
- *Partnerships* – there are two types of partnership:
  - In a 'general partnership', the partners manage the company and are responsible for any debts.
  - A 'limited partnership' has 'general partners', who have a liability for the partnership as explained in 'general partnership', above. A 'limited partnership' also has what are termed 'limited partners'. Limited partners do not have any responsibility for debts; they invest in the partnership but have no control over its operation.
- *Sole trader* – in this case there is one owner. From a legal perspective, there is no difference between the owner and the business. The clear implication from this is that the assets of the owner 'are seen' as the assets of the business.
- *Joint venture* (JV) – there are a number of specific types of JV, depending on how they are set up. Oil and gas companies tend to go into joint ventures when exploring potential underground deposits of oil and gas reserves; by doing so, they share the risk of the exploration costs. The relationship is set up for a finite time; each of the venture partners contributes capital (equity). Each partner has control but, in the case of an oil exploration JV, one company usually takes the lead as operator. As well as sharing in the costs of the venture, the partners share in any profits. Once the project has finished the JV can be terminated. In a JV, where the partners own shares, the shares can be sold to others who may wish to buy a stake in the JV enterprise.
- *Franchising* – this is where the business model of a successful firm allows the person who has bought into the franchise to use the brand logo, access specialists for guidance and other services, purchase stock, etc. The franchisor supplies the goods (for example: Specsavers and McDonald's offer some of their shops and restaurants as franchised outlets). There is a cost to buy into a franchise and, of course, there are the operating costs of purchasing the franchisor's goods. The advantages for the franchisor is that it limits their exposure to losses because the franchisor *does not*, in the types of example given, have the problem of finding, renovating and staffing a series of premises.

Activity 1.5

What happens when a private company fails?

Carillion, the second largest construction business in the UK, went into receivership on 15 January 2018 with debts of £1.5 billion. It employed 20,000 people in the UK and approximately 43,000 globally.

When a company fails, the implications are far reaching. It affects those who work directly for the business and who have lost their jobs. It also affects a number of other businesses, in the case of Carillion, the supply chain organisations that were impacted by Carillion's demise, which includes the people who worked for the subcontracting organisations. What really happens when a company goes into administration? Specifically, what happens to the:

- shareholders' monetary stake in the business;
- current and future pensions of employees, given Carillion's pension debt was around £1 billion;
- jobs and the salaries owed by the company to employees;
- money owed by the company to businesses from which it had bought goods and services;
- debts owed to the company for goods and services it has provided but for which it has yet to receive payment.

Useful guidance when answering the above questions can be found on the following websites:

- PwC, available at: https://www.pwc.co.uk/services/business-recovery/administrations/brs-admin-faq.html
- Government website, available at: https://www.gov.uk/put-your-company-into-administration

PAUSE FOR THOUGHT

What is the purpose of a company going into administration? What priorities should be set as to who should get the monies owed when the company's assets are finally sold? On what basis would you determine the 'pecking order' of such a priority list?

Organisation typologies: mechanistic versus organic organisations

Burns and Stalker (1966) defined organisations according to the degree to which they were *mechanistic* or *organic*. Their research related to the marketing function and market forces.

Mechanistic organisations

Mechanistic organisations are those that have been serving a stable market for many years, that is to say that the demand for their products has been consolidated; they may even be operating in a monopoly so were able to control the sale price of their goods or service.

The assumption is that markets will not change significantly, therefore product demand, in terms of quantity and quality, is predictable with a reasonable degree of accuracy. Internally, the result of market forces creates a highly structured organisation with centralised policies, rigid hierarchical ranks, a strong emphasis on administration and tightly drawn boundaries between the departments and functions; control is an important criteria. Mullins and Christy (2013, p548) suggest that, 'a traditional high-end expensive hotel' would fall into this category.

Organic organisations

Conversely, where customer demands are ever changing, a mechanistic approach would seriously inhibit the organisation's ability to remain in the market. Market volatility demands a flattened organisation structure; internal relationships that are collaborative rather than 'command and control', with flexible administrative systems and fuzzy departmental boundaries that enable the organisation to adapt well to change.

This is not to imply that industry is a dichotomy {*meaning – a division into two usually contradictory parts or opinions*}, such that an organisation would fall into one or the other category; that would not be a reflection of the real world. Organisations are *not* totally mechanistic *nor* totally organic. The concept is best thought of as a continuum, ranging from mechanistic through to organic. As market demands change and new products are developed, organisations shift along the continuum as they become more organic or more mechanistic.

Sizes of organisation

Organisations are also classified by size. They may range from the sole proprietor (trader) type of business to vast international and multinational undertakings employing hundreds of thousands of people. Curran and Stanworth (1988) identify three categories of size: small, medium and large. The EU, for budgetary and funding purposes, further subdivides the categories, as below:

- Small to medium-sized enterprises (SMEs), which are subdivided by the European Commission into:
  - Micro enterprises – that is, organisations with fewer than 10 employees and with a turnover and balance sheet less than or equal to €2 million.
  - Small enterprises – that is, organisations with less than or equal to 50 employees and with a turnover of less than or equal to €10 million and a balance sheet less than or equal to €10 million.
  - Medium-sized enterprises – that is, organisations with less than or equal to 250 employees and with a turnover less than or equal to €50 million or balance sheet less than or equal to €43 million.[1] (*EU, 2015, p11*)
- Medium-sized enterprises: 50 to 249 persons employed.
- Large enterprises: 250 or more persons employed. *Eurostat (2016)*
- Public sector organisations such as those described earlier in this chapter, for example: health, education, highways, policing, social services.

Future growth and the role of SMEs

SMEs are a dynamic force in any country's economy; they are tomorrow's large organisations. They tend to start up on the basis of a single idea, and those that succeed go on to diversify and grow further.

The EU pays particular attention to SMEs because it perceives this type of organisation to be the future generator of wealth within the EU. It cannot categorically be said that SMEs generate the most wealth but, as Airaksinen *et al* (2017) point out, they employ significant numbers of people – around 124 million within the (pre-Brexit) EU 28 states – and they are less pro-cyclical, in so far as they are less affected than large enterprises by international business cycles.

Activity 1.6

Access the EU, Eurostat website, available at http://ec.europa.eu/eurostat and locate the document entitled: 'Statistics on small and medium-sized enterprises' (put this phrase into the Eurostat search box).

Explore the document and determine:

1. why SMEs are particularly important to Norway, Denmark and Germany;
2. the number of full-time equivalent (FTE) employees who work for SMEs in the UK and the figure as a percentage of the working population.

The purposes of organisations

The main purposes of all organisations are: to provide a service or financial return for those that they serve, to survive and develop. To survive, the organisation must continue to provide the kinds of goods and services demanded by its customers and clients, bearing in mind, of course, that to do so will probably demand change. Organisations also stimulate demand by creating and marketing new products and by modifying existing ones. For example, automotive manufacturers will have to make significant changes to vehicle engine technology to comply with the legislation, particularly by European governments; in Britain, from 2040, there will be a ban on the sale of diesel- and petrol-engine cars and vans.

Corporate strategy

It is the responsibility of those at the very top of an organisation – the board of directors – to ensure that the enterprise succeeds and achieves its purposes of survival and development. For this to happen, someone has to be at the helm making decisions about the direction that the organisation should take. Such decision making is complex and sometimes involves considerable risk. Those who make decisions that shape the future direction of the organisation, are engaged in *strategy*. *Strategy* exists at corporate and operational/functional levels.

KEY CONCEPT: CORPORATE STRATEGY

'the agreed plan, which would include identified resources, by which the organisation attempts to meet its objectives.' It is the way in which the organisation plans its long-term future.

Objectives and policies

For the organisation to reach its strategic goals, objectives are set, which are targets that need to be achieved within specified time periods. The achievement of objectives is a critically important factor in which appropriate timing is vital. The work that leads to the achievement of objectives has to be carried out within the limits of the organisation's policies.

Policies are statements of intent. They focus on what the organisation wishes to achieve and how it proposes to conduct its business and meet its strategic objectives.

Activity 1.7

Access the Jaguar Land Rover (JLR) website at: http://www.jaguarlandrover.com/2016/code-conduct

Explore the website and determine against which principles JLR aims to conduct business.

Strategic planning techniques

It is vital for a business to keep a keen eye on the activities of its competitors, changing market demands and the nature of internal and external pressures. The senior managers and specialists, therefore, carry out an annual review of the organisation's performance where questions are asked about the internal and external factors and issues that might affect the company. The process is analogous to that of a good ship's captain: commanding his or her sailors to check that the ship is functioning correctly. In this case, the first check for threats to the vessel's safety would be external. The ship's radar is activated and the horizon scanned. Distant ships would pose no immediate threat, though their positions are logged, but vessels in close proximity might cause the captain to change course.

Once the captain has an understanding of the external situation, attention is turned to check the internal integrity of the vessel by inspecting all compartments to make sure the vessel is watertight and the propulsion and electrical generating equipment is functioning optimally.

Two main techniques have been developed to provide a structure to the strategic planning process. Ansoff (1987) developed the first. It focuses on an organisation's strengths, weaknesses, opportunities and threats and is referred to by the acronym SWOT. The second technique focuses on the internal and external pressures that impinge upon an organisation and these include such factors as political, economic, social, technological, legal-related and environmental pressures. The environment 'is anything outside an organisation which may affect an organisation's present or future activities… it is unique to each organisation' (Kew and Stredwick, 2017, p5). The acronym PESTLE is used to refer to this technique; this has been modified and extended and is sometimes called a STEEPLE analysis. The extra 'E' referring to *ethical* considerations.

SWOT analysis

Of the two techniques, SWOT and PESTLE, SWOT is the most well known.

Strengths are the valuable and successful aspects of the organisation, such as having ample resources, highly skilled people and appropriate technology for achieving its business objectives. Being good at product design, quality assurance and customer care are examples of strengths; they help to sustain and improve the organisation's position in the market. The organisation may also be doing well in some particular functions of the business, for example the engineering or finance functions. Conversely, where there are organisational weaknesses, lessons may be learnt from departments or functions that are performing well.

Weaknesses are the organisation's negative features, such as financial or skill deficiencies, out-of-date work systems or poor employee relations. The identification of weaknesses is an important step in any improvement activity.

Opportunities are events or openings that may arise from the market or other areas of the business environment. Perhaps the need for a new or modified product is identified or it may be that the organisation's unique skills can be applied to a new venture or diversification.

Threats can arise from the business environment. For example, an aspiring competitor may be about to invade the market and endanger the business. Competitors are also a threat when they modify standard products to achieve a market advantage. Threats are usually thought to be external to an organisation but may also appear from issues internal to the business. For example, poor internal relations; this could relate to a group of employees dissatisfied with their terms and conditions of employment and who are threatening to interrupt business operations by taking industrial action. During 2017 and into 2018, for example, the RMT Union called a series of strikes, which impacted upon a number of train operators in response to the move towards driver-only operations of trains.

STEEPLE analysis (PESTLE+E)

Social trends – organisations have to keep abreast of, and respond to, the internal and external pressures that impinge upon them. Market demands change when social trends occur according to changes in cultures, values, fashion and even mere whim. The rate at which social preferences change can limit or extend product lifecycles. Concern over health –healthy lifestyles and combating childhood obesity – has seen a drive towards healthier eating habits and an increase in, for example, gym membership.

Activity 1.8

Datamonitor and MarketLine offer professional reviews of a number of companies. Ryanair, the low-cost airline carrier, was in the news during 2017. During September 2017 it started to cancel up to 50 flights per day. 'Ryanair had failed to plan for its pilots' holidays, meaning there simply were not enough to fly planes' (Faragher, 2017, p37).

Accessing the MarketLine report for Ryanair holdings, via the CIPD Hub, gives the strengths of the airline as: its business model, operational costs and its robust position in the airline industry. It offers as its weakness: 'legal proceedings' (MarketLine, 2017).

Access the Datamonitor or MarketLine reports for Ryanair holdings, EasyJet plc and JetBlue Airways Corp, and compare and contrast the three budget carriers using the SWOT information provided.

Technological innovation occurs on two broad fronts. The first is in terms of *process innovation*, which includes modifying or replacing industrial machinery, production and administrative systems. The second is in terms of *product innovation*; new products and services are developed and/or modifications made to those already in existence.

Organisations tend to develop their own *product* innovation but, as far as *process* innovation is concerned, organisations are largely 'users' of technology that has been developed by manufacturers of capital equipment and computer software.

Economic changes – the influence of regional, national and international economic conditions plays a large part in the fortunes of organisations. Sometimes the economy is buoyant and in a state of boom and plenty, unemployment is low, industrial and high-street spending is high and property values soar. At other times the economy dips and the 'highs' that were mentioned previously go into reverse. These are exactly the 'bust' conditions of an economic recession as caused by the worldwide banking crisis that occurred from 2008 and into 2009. Organisations have to adjust to the alternate peaking and dipping of the economy and, internally, they must prepare themselves accordingly. Likewise, HR specialists should also keep an eye on the changing economy. When economic indicators are strong and the organisation is expanding, there are usually staff shortages, especially in certain technical disciplines. However, when there are economic downturns the organisation has to contract and possibly reduce staff numbers.

Environmental factors – people are extremely concerned about the effect that industrial activity is having on the environment. Pressure groups monitor and frequently demonstrate against particular business and scientific activities. In the UK there is some concern about the drilling and 'fracking' activities in and around the Fylde Coast associated with the exploration for shale gas. Environmentalists are concerned over the shale gas finding its way into underground aquafers. Deforestation of the Amazon rainforest affects climate change, yet swathes have been cleared to plant oil palm trees. Increasingly there is an expectation that business is more considerate and proactive in how their activities negatively impact upon the environment.

Political interventions are pressures that may appear in the form of new legislation, particularly on business practice in areas such as employment, health and safety, taxation, approval of drugs for human use, etc. In the wider context, internationally agreed sanctions may curtail, or even outlaw, trading with particular countries that, for example, may be involved in terrorism or human-rights abuses.

Legal requirements are derived from Acts of Parliament. The various Acts refer to a variety of, for example, social and safety imperatives, competition law, sales of goods and employment legislation. Over the past several years, much legislation has been associated with welfare at work, for example:

- The Working Time Directive and the Children and Families Act (2014) – the latter provides, from April 2015, that mothers, fathers and adopters can opt to share parental leave around their child's birth or placement. The Act also extends the right to request flexible working to all employees (http://www.legislation.gov.uk/ukpga/2014/6/contents).
- New employment legislation, for example the General Data Protection Regulation, which, at the time of writing, is due to receive royal assent as a replacement for the Data Protection Act of 1998, carries implications for the organisation.

Ethical considerations cannot be ignored in business. There is a growing expectation from the various stakeholders, employees, shareholders, customers and regulators that an organisation conducts its business against a set of minimum standards; the notion of having a corporate social responsibility (CSR). Animal-rights activists apply considerable pressure, and sometimes direct action, which has included physical attacks or threats to people and organisations that are involved with research involving animal testing.

Using SWOT and PESTLE (STEEPLE) analyses

The information that is derived from carrying out SWOT and PESTLE (STEEPLE) analyses includes the data that would have been accumulated as a result of continuous

Activity 1.9

With the above information about SWOT and STEEPLE analysis in mind, conduct an analysis of your own organisation or one with which you have some familiarity.

Note the different answers that emerge from the two types of analysis. While both are used to assist the strategic planning process, they should be kept apart conceptually because they serve different purposes. SWOT analysis is a reality check on the organisation's internal and external situations, its weaknesses, strengths and past performance and current threats and market opportunities. A STEEPLE analysis focuses on the external pressures that impinge upon the organisation. Looking at your own organisation in this way will enable you to remember the differences.

monitoring of internal processes and which provides a basis for the decisions that are made about the organisation's future. Where problems are identified, strategists look for *causes* with a view to resolving the concerns; where strengths are identified, they examine the possibilities of improving on those strengths over time. This results in organisations formulating new policies to respond to the influences of legislation and other pressures.

When applying any technique it is important to recognise potential weaknesses. Kew and Stredwick (2017, pp18–19), citing Koch, identify several flaws in the SWOT process, which include: strategies developed using the SWOT technique are based upon historic data, the process lacks rigour, only some aspects of the competition are known, the system is too vague and broad, etc. However, once aware of the frailties of a process it then becomes possible to compensate by introducing further, business-specific criteria.

Organisational structures

Most of us are familiar with the conventional shape of an organisation's structure. It has a hierarchical design with descending levels of authority. Viewed laterally (horizontally), we can see how the various departments and specialisms are separated, while vertically, we can see the layers that indicate levels of authority and responsibility.

KEY CONCEPT: CORPORATE STRUCTURE

Commonly referred to as the 'organisation chart', the corporate structure is a hierarchical design (like a family tree), which may be 'tall', indicating many layers of authority and responsibility, or 'flat', meaning that there are fewer layers. Tall structures tend to be bureaucratically managed, while with flatter structures, managers and employees usually work together in a 'colleague' type of relationship, in which communication is more direct.

The structure shows the relationships that exist between the employees at vertical and horizontal levels, which are referred to as vertical and horizontal integration. The structure also outlines what we call vertical and horizontal (lateral) *differentiation*. Vertical differentiation can be seen in the different roles of people within a department or function, such as in the role of the HR director, who has the talent development and resourcing managers in directly reporting roles, who have, in turn, administrative staff reporting to them. The structure not only shows the chain of command but also, in a similar way, the vertical hierarchy of how roles are differentiated. On the other hand, horizontal differentiation can be seen in the way that functional managers take responsibility for separate departments, such as the roles of marketing, finance, production and engineering. Some writers use the word 'lateral' instead of 'horizontal'.

Case Example 1.1

Quality Sales – Vehicles

Quality Sales – Vehicles is a family-run car and truck sales firm; Jim Jones is the managing director and owner. His intention, with his board's approval, is to incrementally grow the business. The structure of the business is defined by the nature of its work, which is vehicle sales, split into two sections: cars and commercial. The commercial section comprises vans, pickups and trucks. The business has a turnover – the amount of business transacted during a one-year period – of £6 million. The number of staff is kept small in order to maximise profitability. Significant use is made of information technology and contracting out of non-core services.

Reporting to Jim is Latif Amir, head of car sales and Jess Blank, who heads up commercial vehicle sales (trucks, pickups and vans). The chief accountant, responsible for 'corporate accounts', is managed by Jane Armitage, Jim's sister. She has a qualified accountant and a trainee accountant reporting to her, the latter studying part-time for a CIMA qualification (Chartered Institute of Management Accountants). Latif has two car sales executives reporting to him. Latif is in the 'junior' position; he was recruited 18 months previously having gained a first-class honours degree in business management and is in his first managerial role. The medium-term plan is to split the business into three sections: cars, light commercial vehicles and trucks.

Supporting the core sales business and reporting to Jim is Peter Etai, the internal business manager, who has a varied portfolio of responsibilities. Each manager in the business is responsible for managing their own staff, approving leave, absences, staff development, merit increases, etc. Peter is responsible for corporate HR activities such as policy development on recruitment, selection and development, health and safety compliance, remuneration, absence management, etc. Also in Peter's area of responsibility is managing the monthly salary payment activity. To support him in these activities he has one full-time and one part-time (50 per cent contract) administrator who share roles. Both administrators deal with day-to-day issues but Lubna is completing her CIPD certificate in HR Practice, so tends to deal with HR-related issues; Jose, who is in the part-time role, tends to deal with the business management issues, having completed a business management course at the local college. Jose's role, assuming that the reorganisation of the business goes ahead, will change to a full-time position.

Unusually, Peter is also responsible for managing the company's information technology systems. To help in this specialist technical area he has one member of staff who he employs on an annualised, part-time contract, which equates to 25 per cent of a full-time contract. Peter, in respect of this role, relies heavily on Zhanara Ibrasheva both for her practical problem-solving abilities and guidance when deciding upon 'IT' system development.

Peter is particularly struggling to keep on top of his responsibilities because he finds that anything not clearly defined as vehicle sales, metaphorically, 'falls on his shoulders'.

Activity 1.10

Read case example 1.1: *Quality Sales – Vehicles*

1. Draw the organisation structure of Quality Sales – Vehicles from the descriptive information given in the case study. How would the structure look should the expansion go ahead? Is the structure, as described, logical in terms of what the business is striving to achieve – or could it be improved?
2. From the organisation structure you have drawn, list all the examples you can find in terms of roles via:
   - horizontal differentiation;
   - vertical differentiation.
3. Peter appears to be struggling in his role. Explore the options that Jim could adopt to help Peter. Discuss the advantages and disadvantages of each of the possibilities you have identified.

Designing an organisation's structure

This is not a simple task. Before embarking upon such a project, the needs of the organisation have to be identified. Child (1988) says that most of the information required can be found in the answers to five key questions:

1. Should jobs be broken down into narrow areas of work and responsibility, to secure the benefits of specialisation, or should the degree of specialisation be kept to a minimum to simplify communication and to offer members of the organisation greater scope and responsibility in their work?
2. Should the overall structure of an organisation be 'tall' rather than 'flat' in terms of its levels and spans of control? What are the implications for communication, motivation and overhead costs of moving towards one of these alternatives rather than the other?
3. Should jobs and departments be grouped together in a 'functional' way according to the specialist expertise and interests that they share? Alternatively, should they be grouped according to the different services and products that are being offered, or the different geographical areas being served, or according to yet another criterion?
4. Is it appropriate to aim for an intensive form of integration between the different segments of the organisation? What alternative integrative mechanisms are there from which to choose?
5. What approach should management take towards maintaining adequate control over work? Should it centralise or delegate decisions? Should a policy of extensive formalisation be adopted in which standing orders and written records are used for control purposes? Should work be subject to close supervision?

Examining the above, we see that Child presents us with alternatives, implying that each organisation has its own specific structural needs. The questions have very strong HR implications in terms of 'greater scope and responsibility' (question 1), 'communication and motivation' (question 2) and 'sharing specialist expertise and interests' (question 3). According to the principles of human resource management (HRM), these advantages are best achieved by introducing a flattened rather than a tall structure, so that managers and employees can work closely together. The issues of *integrity* and *fidelity* of communication passing through vertical chains of command is improved, simply because information passes through fewer hierarchical levels. Conversely, there is a strong body of evidence attributed to Mintzberg (1998), which suggests that structure should be determined by and follow organisational strategy.

Organisational structures are designed to reflect the roles and relationships of the various positions and employees. The structure should show the logic underlying the division of the organisation's expertise and how functions are placed to work in a coordinated way.

Brooks (2009, p191) writes of the traditional view of organisational structure: 'It describes the way an organisation is configured into work groups and the reporting and authority relationships that connect individuals and groups together.'

Span of control

This term relates to the number of employees that fall directly under the control of one manager. Given that an organisation has a particular number of employees, the number of layers in the overall structure will be a determinant of the spans of control.

Organisations with tall spans of control will have many layers, as in Figure 1.1, and those with flattened ones will have fewer layers, Figure 1.2. Structures are referred to as 'tall' hierarchical {*meaning – an organisation having several levels of control/responsibility*} structures, or 'flat', ie those with fewer layers in the structure. The advent of HRM in the 1980s brought with it a tendency for organisations to flatten their structures (see Figure 1.2).

Figure 1.1 A conventional organisational structure (tall structure showing 55 jobs on five levels)

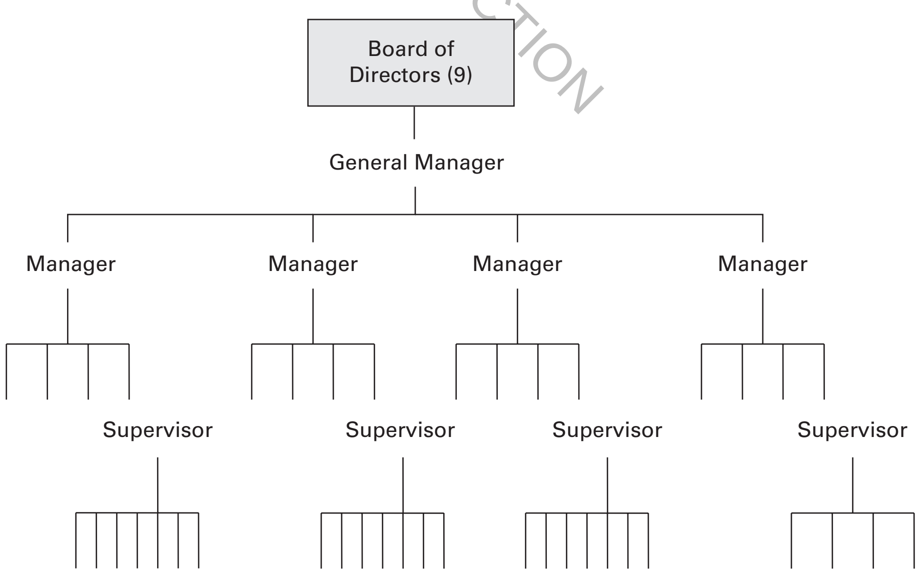
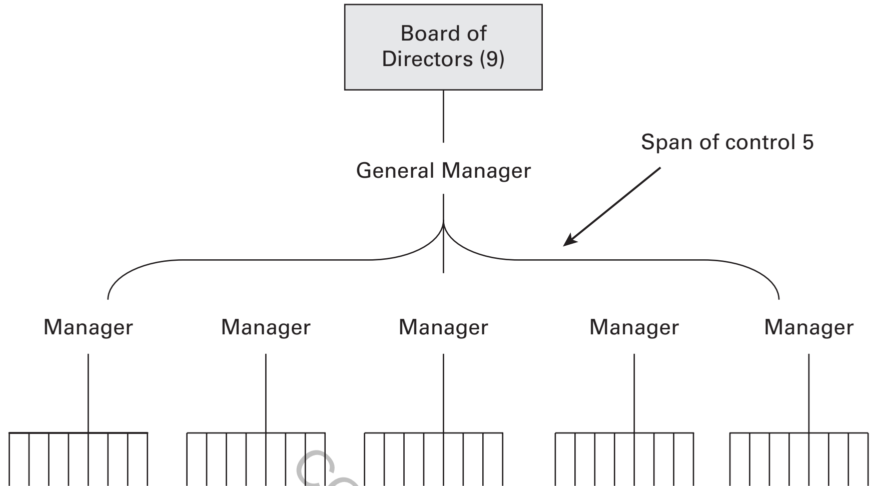


Figure 1.2 Span of control influencing structure (flat structure showing 55 jobs on four levels)



One of the effects of the trend towards flattened structures was to reduce the number of managers and increase the number of employees reporting to each manager. Reducing the number of layers of management within an organisation will affect how the organisation is managed; how employees work, in respect of the range of tasks they are expected to do, and how and by whom decisions are made.

Activity 1.11

Using your organisation or one with which you are familiar, consider the impact of flattening the organisation's structure, by reducing the levels of hierarchy. Specifically consider how:

- the way the nature of work is organised may change within the organisation;
- responsibility for decision making may change;
- communication between employees performing different tasks may change;
- it would impact upon the overall efficiency of the business: 1) in the short and 2) longer term;
- it would impact upon the effectiveness of the business.

Hierarchical organisations have been much maligned {*spoken ill of*} but they have their advantages. In what ways would you consider that organisations with a formal and hierarchical organisation structure are advantageous to the:

- operation of the business;
- employees within that business?

Matrix organisations

This form of structure may be introduced where there is a need for teams, whose membership is formed by specialists drawn from various departments and sections of an organisation, to work on a project or projects. This type of structure is prevalent in the construction and engineering industries. Particularly where industrial plant is being built and commissioned, functional specialists are drawn together to deliver an operational system to the customer, who could be internal or external to the business. On completion, the project team may be disbanded and reintegrated into the main organisation structure, or may move on to a fresh project.

A large organisation may have several projects running concurrently. A civil engineering concern, for example, may, among other things, be building a bridge in the Midlands, a bypass in Scotland, a high-rise building in Belfast and a hospital in East Anglia.

Sy and Kearney (2005, p40) identify three types of matrix organisation:

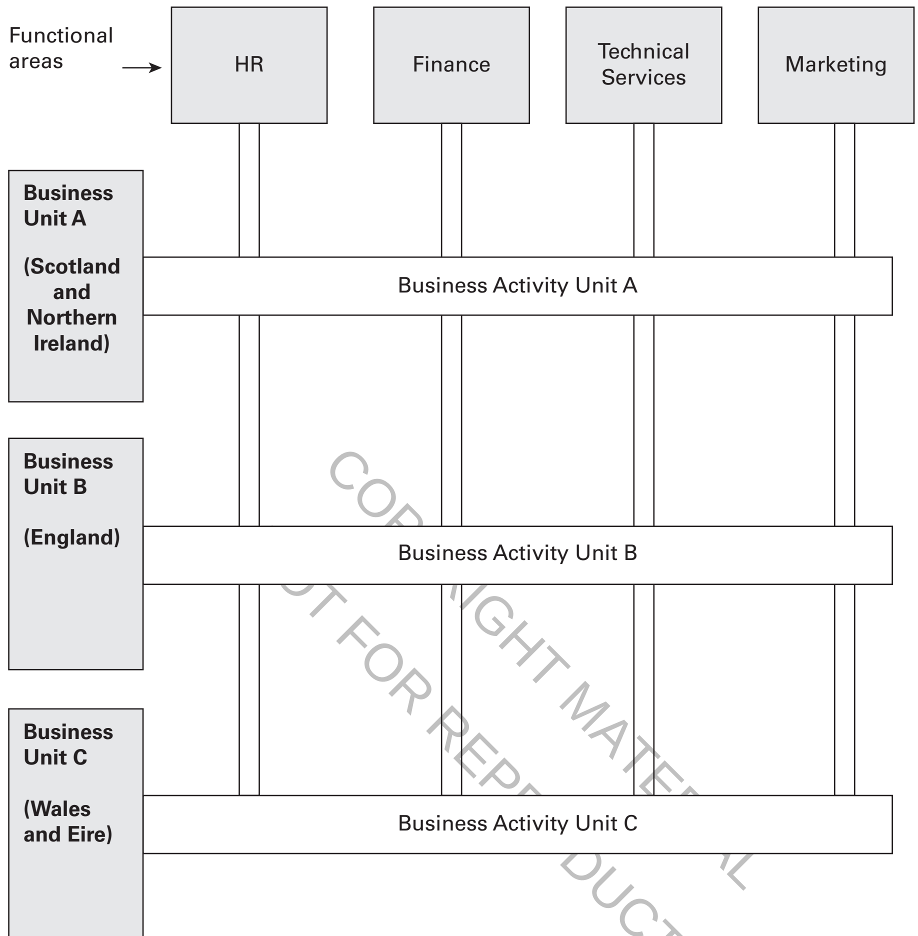
1. *Functional matrix* – employees are members of their functional department. Project managers coordinate efforts of the functional groups and functional managers are responsible for design and completion of the technical requirements.
2. *Balanced matrix* – employees are officially members of two parts of the business, for example a project team and a functional team, at the same time. In this type of matrix, project managers define what needs to be accomplished and by when; functional managers define personal staffing and how tasks will be accomplished.
3. *Project matrix* – employees move from project to project, they are in effect itinerant workers. For the duration of the project the employee sees the current project unit within which they are working as their employer. For this type of matrix to work there is an expectation that there will be a series of projects in the workflow 'pipeline'. Project managers have primary control over resources and project direction. In this scenario, the functional heads are purely in an advisory capacity. They do, though, retain control over much of the team responsible for carrying out plans and controls established by project managers. For example, the engineering functional head would be responsible for recruiting an instrumentation specialist to work on projects and would be responsible for his/her appraisals, development and promotions.

In reality there are adaptations of the above three models, for example, a further refinement of the third model, offered by Sy and Kearney (2005), would be where the project or business area (unit) has full control over its work: planning, resources, etc. The functional departments would act in a 'staff' capacity offering technical guidance and help when called upon.

A matrix design is typified by a grid that depicts a two-dimensional track of authority and responsibility. Authority and responsibility in the functional departments track downwards, while from the project manager, authority and responsibility track laterally across the main structure. In this way, project managers may look across the organisation to assess and access its resources, a concept that produces economic as well as practical advantages (see Figure 1.3).

In the example in Figure 1.3, the company has three business units based on a geographical split of responsibilities. Each business unit can call on the services of HR, finance, technical and marketing functional heads, as they require. The advantage for the business unit is that they can control their costs and create a sense of competition. It is clear, in the matrix organisation, that HR, finance, technical and marketing are service functions. One could imagine a scenario in which the finance

Figure 1.3 How a matrix organisation works



function was considered not to be providing an efficient service to Business Unit A. In this situation the business unit could 'go external' to the organisation and 'buy in' finance expertise.

There are implications of choosing a matrix organisation. Managing in a matrix organisation is a complex activity because the asset or project manager has to manage shared resources, human resources, budget and perhaps capital items. Conflict can occur between function and business units, because of the scarcity of specialist resources and multiple demands for functional expertise.

Matrix structures have drawn criticism from employees. There can be frustrations, because staff can be working for two (or more) bosses simultaneously. There are the *functional heads* to whom they report, because the individual belongs to that family of specialisms: HR, accounting, engineering, etc; and the *project managers* who make demands on their professional services. Such frustrations usually arise from conflicting time constraints and conflicting priorities, as previously indicated.

The virtual organisation

Robbins, Judge and Campbell (2010, p439), describe the 'virtual organisation' as 'typically a small, core organisation that outsources major business functions. In structural terms, the virtual organisation is highly centralised, with little or no departmentalisation.' They describe the American 'motion picture' (film) industry as a prime example of this type of organisation. Many hundreds of specialists, ranging from electrical technicians to camera operatives to catering companies, all come together to create a film then disperse before being called together once again to make another film at a different location under a different production company.

Activity 1.12

In this exercise, really challenge yourself to think the unthinkable. If you were the managing director/chief executive of an organisation, whether it be a private company or public sector authority, consider how you might transform the service or manufacturing facility of all, or part, of the organisation, so that you and a small team were able to offer the service or product through a virtual organisation.

Once you have developed some guidelines on how you would provide the service or product, reflect on the advantages and disadvantages of offering the service or product in this way. In reflecting on the pros and cons of such a way of providing a service, you may wish to consider the advantages and disadvantages both in the long and short term.

1 Would it be possible, using a virtual organisation approach, to design and manufacture:
- promotional clothing, badges, trophies, etc for a large event such as the Commonwealth Games, Invictus Games;
- plastic ties to secure the opening to a plastic bag – low technology;
- a camera – high technology;
- a new innovation on the 'Post-it®' idea?

2 Would it be possible to virtualise your own organisation or your college?

Reflections on organisation design

The nature of the contract offered to a person should be determined by the rarity and availability of a particular skill and the amount of time for which those skills are needed. For these reasons, the terms and conditions of employment can vary from one category of employee to another. Organisations need, therefore, to distinguish between core and peripheral workers.

Core workers are those who are regarded as critically important to the organisation and who are encouraged to stay by virtue of attractive prospects through career development, good rewards and terms and conditions of service. Core staff are recognised as highly skilled and motivated technical, scientific or professional people without whom the organisation cannot optimise performance. They also tend to have a range of skills (functional flexibility) and significant discretion as to how they go about their work. Positive retention planning, therefore, has become an integral part of HR strategy, particularly in respect to this quality of employee. Core workers provide the organisation's talent pool, so great care and attention should be paid to their recruitment and subsequent development.

Other workers, although not having rarity of skill, may be recruited so as to maintain a continuity of operation. Some positions occupied by people with this, less rare, type of skill set may be 'back-filled' using agency staff or short-term contractors. Those on direct-hire contracts may not be treated so generously as core staff. Probably they will have little scope for discretion as to how they can do their work, limited promotional opportunity and are more expendable.

How the business is staffed and how staff are used and deployed is a strategic decision and should not occur by chance. Directly employed staff can work: a normal 7.5-hour day, five days a week; shift work, on an annualised hours contract, work from home, job share, work flexible hours; there a number of options. Likewise, directly employed contract staff or agency staff can be used within a similar framework. Indeed, complete activities can be outsourced to a contract organisation. Alternatively, parts of work or defined tasks could be offered to those working within the 'gig' economy. How work is managed needs careful consideration and should be configured within a strategic framework.

Case Example 1.2

BBC: 'Our staff are now proud to work here'

A complex restructure, HR shake-up and cultural revamp prepared the broadcaster for its digital future.

It is unlikely that the reception at the BBC's New Broadcasting House is ever particularly quiet, but Theresa May's announcement of a snap election (8 June 2017) meant the building was a hive of activity. It is a stark reminder that the success of the BBC's people agenda – led by HR Director Valerie Hughes-D'Aeth, who joined the organisation in 2014 – is inextricably linked to external events.

'Since I joined, we've had the Scottish [independence] referendum, the general election of 2015, the Brexit vote last year [2016] and now another election', says Hughes-D'Aeth. 'Our journalists are focused and maxed out on providing the content that is needed. You can't just move ahead [with plans] as you would like to – you have to stop and say it is not pragmatic to do something at the same time that the newsroom is coping with Brexit. That's something I probably haven't had to deal with in the same way in other organisations, but it is paramount that we factor those things in here.'

But there has still been a lot for Hughes-D'Aeth to do in the past three years. She breaks down her priorities into three key areas: redefining the BBC's structure so that it 'provides fantastic programming and content, but is efficient and effective'; revamping its culture 'so people are coming to work wanting to do the best they can'; and ensuring the HR team itself is providing value for money.

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Any of these challenges alone would be enough to keep the best HR directors lying awake at night – let alone in a high-profile, publicly funded organisation with a full-time headcount approaching 19,000. 'I'm not going to say it's an easy job, but it's incredibly interesting and you wouldn't get the opportunities you get here anywhere else', she says.

Under the direction of Director-General Tony Hall, since summer 2015 HR has led a reorganisation of the BBC into new divisions that bring together specialties – such as 'nations and regions' and 'channels and commissioning' – and a 'delayering' of management. 'We have reduced the number of senior managers by 40 per cent, and taken out a significant cost as a result of that', says Hughes-D'Aeth. 'Each area looked at what they had and the opportunities to say: "This doesn't make sense – it's not a real management role."'

Delayering management was an important element of Hughes-D'Aeth's efforts to make the BBC 'an even better place to work for our people'. It was a tough ask, given the publication of the Dame Janet Smith review in February 2017 on the BBC's culture and practices during the Jimmy Savile and Stuart Hall era. The BBC's response, published in December 2016, focused on 'what more we could do to make the BBC a more open and transparent place to work – one where people felt they could raise any issues they had in an open, safe environment', she says.

Campaigns on speaking out, better management visibility, greater recognition of good work, tighter collaboration between teams and the simplification of complex processes have all had a significant impact on culture, she explains. 'In the past, there was a perception that people perhaps were not raising concerns as readily as we would like them to, so we have done lots of work on speaking out and feeling free to talk. We welcome people discussing issues; if they have got concerns, we want to hear about them and address them.'

The metrics so far are encouraging. High-level results from this year's employee engagement survey show that engagement is up by 3 per cent to 69 per cent (9 per cent higher than the Ipsos MORI UK norm), and 93 per cent of staff say they feel proud and passionate to work at the BBC.

Underpinning HR's efforts in these areas has been its own revamp; on her arrival, Hughes-D'Aeth was challenged to reduce HR's cost by at least 20 per cent, so the funding could be reinvested into providing more content and services (currently just 6 per cent of the BBC's controllable spend is on 'back office' functions, including HR; the rest goes directly on content). The first step – in line with the BBC's commitment to have at least 50 per cent of its roles based outside London – was to relocate the specialist HR teams to Birmingham.

'Inevitably, not everyone is going to move, and the truth is not everyone did', says Hughes-D'Aeth. 'It made us create job opportunities for people in Birmingham, which is great for the city, but some people were not able to move. You have to treat everyone as an individual and talk to them and give them time, because it is not one person who is involved in the decision – it is family and friends, too.'

The HR team also had to make forensic decisions about which services to outsource or take back in-house. 'There's no panacea for this – you have to look at each service stream on its own and decide what is the right thing for it; I would never say you must always outsource or always insource. There is no one answer', she says. Outsourced services include manager advice and guidance, while transactional HR and recruitment and resourcing support were taken in-house to a Birmingham service centre that answers around 9,000 queries a week.

'The team has done a fantastic job, because this has not been easy – there has been a knowledge curve of picking up expertise from an outsourced provider', she adds. More than 90 per cent of queries are answered while the caller is still on the line, while cost per hire has decreased by around 27 per cent and time to hire has fallen by 21 per cent. All these elements have contributed to Hughes-D'Aeth exceeding her 20 per cent cost reduction target – saving 30 per cent off the cost of HR.

But the benefits have been far from only financial in nature. 'If we hadn't been on this journey, I don't think we would have been able to provide the organisation with the support that it needed during all the change it has been going through with the organisational transformation, so I think it is absolutely necessary', she says.

So what's next for Hughes-D'Aeth? Ensuring the BBC has a diverse workforce that better represents the population it serves, as well as trying to predict – and equip – staff with the skills they will need to flourish in the shifting media landscape, will feature prominently in her plans. Many top HR leaders will surely empathise with the nagging voice in the back of Hughes-D'Aeth's mind that compels her to push the HR agenda forward: 'Am I doing what provides the best value for money? Could I stand up and be counted?'

Source: Newbery, C (2017) BBC: Our staff are now proud to work here, *People Management* [Online] https://www.peoplemanagement.co.uk/voices/case-studies/bbc

Activity 1.13

Read case example 1.2 above, BBC: 'Our staff are now proud to work here'. From the information gleaned from the narrative, discuss the following questions:

1. What were the driving forces behind the decision of HR Director Valerie Hughes-D'Aeth's decision to restructure?
2. Did the restructuring take into account all parts of the organisation?
3. Were there restrictions on which departments could or could not, be included in the remit to restructure?
4. What were the themes, divisional segmentations, etc within which the restructuring took place?
5. What place did restructuring play in the improvement of employee voice?
6. What were and are the driving forces to move staff to Birmingham? You may have to research further than the case study to obtain a complete answer to this question.
7. What criteria might have been used when deciding whether to insource or outsource an activity?
8. Once an activity has been outsourced, is that a 'forever' decision?
9. What were the measures of success that Hughes-D'Aeth applied to the outcome of the restructuring exercise?

Review Questions

1 What are the main purposes of all organisations?

2 Name the four categories into which Blau and Scott classified organisations. Why is it useful to be able to categorise organisations using different typologies, ie Blau and Scott, Maltby, Burns and Stalker?

3 Discuss the reasons why services, traditionally provided by government, are progressively being delivered by private sector organisations?

4 What are the risks and dangers associated with privatisation of the public sector? When answering this question you may find it useful to access the BBC article and archives on the decision to put Carillion, the UK's second largest construction company, into receivership.

5 From where do those who manage public and private sector organisations derive their authority to make decisions and take actions?

6 What are the main differences between the two main analyses techniques, SWOT and PESTLE (STEEPLE), that senior managers use to assist the strategic planning process?

7 What HR implications arise from the five questions posed by Child (1988) when considering the design of an organisation's structure?

8 What do you understand by the following organisation forms?
- nationalised industries;
- public PLCs;
- public interest companies;
- public–private partnerships, including privately funded institution (PFI) contracts;
- regulated private companies;
- private companies.

Where would a charity and a university be placed in this list?

9 Discuss the advantages and disadvantages of a wholly family owned private company either:
- remaining as a family company or
- converting to a public liability company with shareholders.

10 What happens when a company goes into 'administration'? What is the role of the 'administrator', what options are open to them? See the BBC's archive coverage of Carillion. Carillion is somewhat a special case because they were involved in government contracts – building, cleaning, garden service – that had to continue.

11 What do you understand by the term 'gig economy'? You will find some guidance from: http://www.bbc.co.uk/news/business-38930048

Note

1 SMEs are further divided into dependent and independent SMEs.

Explore Further

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