



**EUROPEAN  
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## COVER PAGE AND DECLARATION

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**DATE:** \_\_\_\_\_

**EIU Paris City Campus**

**Address:** 59 Rue Lamarck, 75018 Paris, France | **Tel:** +33 144 857 317 | **Mobile/WhatsApp:** +33607591197 | **Email:** [paris@eiu.ac](mailto:paris@eiu.ac)

**EIU Corporate Strategy & Operations Headquarter**

**Address:** 12th Fl. Amarin Tower, 496-502 Ploenchit Rd., Bangkok 10330, Thailand | **Tel:** +66(2)256923 & +66(2)2569908 |  
**Mobile/WhatsApp:** +33607591197 | **Email:** [info@eiu.ac](mailto:info@eiu.ac)

# European International University



**MGT560:** *Leading Organization*

**Module Assignment:** *Leadership Critique*

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## Abstract

**Purpose** – This study aims to provide a vision of how different leadership styles impact employee motivation, and performance.

In operation of an organization, leadership styles of the leaders have significant influence on the efficiency and quality of work done.

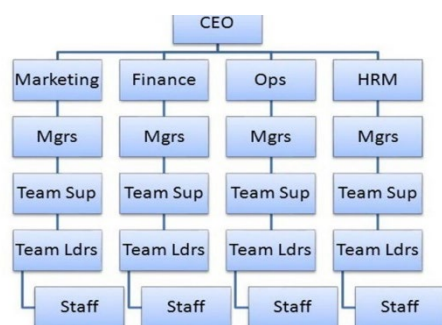
In the first part of this report, we will examine different leadership styles of Mark and Forgan, which reflects the influence and impact of different leadership styles over the activities of an organization.

**Recommendations** – to improve leadership styles to increase motivation and performance.

## Summary

The **International Development Bank (InDB)** is an international finance institution that has been operating for more than 40 years, dealing with other multilateral organizations, worldwide known financial institutions, government officials, and other high level governmental officials. With more than 2000 employees in the HQ.

Because of the controversial and sensitive nature of dealing with highly official counterparts, the management, for over 40 years, choose to play safe, and maintain the status quo in their management styles, which is Hierarchical Organizational structure. Which consist of a singular (CEO, President)/ or Group (Board of Governors/ Board of Directors) of power at the top, with subsequent levels of power beneath them (Vice Presidents, Directors, Managers, Specialists and Coordinators). Which increases centralization, complexity and formality in communication (diagonal, horizontal, upward and downward) in different levels of organization, which resulted in becoming ineffective.



**Figure 1**

With so many leadership roles in a hierarchical structure, the speed of decision making can end up slowing down.

Hierarchical organizational structure can have many benefits but using this type can also have drawbacks. Which appeared during the COVID-19 pandemic, where the slow action, decision-making process, and poor communication became dominant. And because of the quarantine which all the globe faced during COVID-19 pandemic, made the process and communication harder. It was found out that there is a clear relationship between organizational structure and ineffective communication.

Although that all managerial roles tend to be involved in many company-wide decisions; yet the greater the number of management roles, the harder it will be to get everyone in one room, let alone, have them all on board with a sole decision. This affected how different activities such as coordination, task allocation, and supervision harder than before. While one of the most important forces in shaping the organization, is how the management make their communication, as it will lead to an increased number of understanding and more successful business management. Then, there is a close connection between organizational structure and communication.

### **Effectiveness of Communication and its Impact on Organizational Structure**

The communication channels created by the Hierarchical Organizational structure serve specific functions through downward, upward and lateral communication. Having an adequate communication network, where corresponding's are communicated effectively.

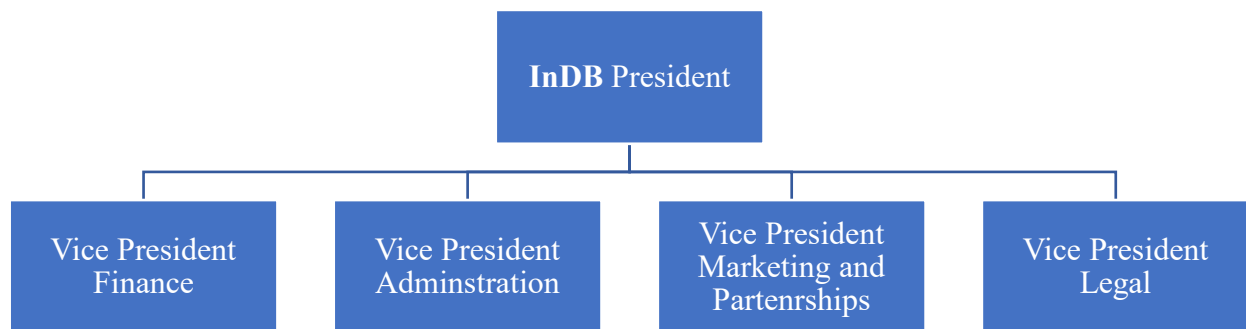
So, Internal communication is organized in the following manner:

- **Downward** – executive directors, management, officers, assistants
- **Upward** – assistants, officers, management, executive directors
- **Vertical** communication between employees on different hierarchical positions
- **Horizontal** communication between individuals on the same hierarchical positions

The nature of **InDB** businesses requires communication via sending official letters and memos. And for 40 years, communication in **InDB** was done through paper-based communication in a vertical, downward manners, following a paper-based copies of the corresponding, which should be reviewed multiple times by multiple officials in **InDB**, and then processed by both electronic mail, and regular mail. Which results in slow process, to execute decisions. Not to mention the very low performance of employees during the COVID-19, and an intervention was needed.

In the Five-Year Plan of **InDB**, the top management requested to revisit the current hierarchal structure, and explore other systems for communication within the Bank.

### **The current InDB Hierarchal Structure**



The current **InDB** structure allows for delegation of authority from the highest top management to the Vice Presidents, and the Directors.

### **The current InDB Internal Communication Policy**

The channels for written communication within the Bank are defined to ensure the proper processing of the Bank's business and a prompt reply to communications received.

- I. Written communications between units of the Bank shall be sent through the channels established for that purpose, it should pass by the Archiving Department to be processed and take a reference number;
- II. Vice Presidents may communicate directly, in writing, with Heads of Department/Office on matters related to their functions with a view to obtain information from them.
- III. Heads of Department/Office may communicate directly with members of the Management when they are requested to provide them with information related to their activities. They should,

however, keep their respective Vice Presidents informed by forwarding them a copy of the communications for their information.

- IV. Heads of Division can also communicate directly with other Heads of Division in other Departments and are responsible for keeping their supervisors informed of the discussions and by forwarding copies of written communications to them.
- V. Lead/Senior professional staff can communicate directly with other professional staff in other departments and to keep their supervisors informed of their discussions.
- VI. Internal communication should always be addressed to the permanent position regardless of whether the incumbent is holding an acting position or a permanent one.
- VII. Except for personal communications, the name of the addressee to whom the communication is addressed need not be mentioned.
- VIII. The name of the signatory of the communication and the position should be mentioned in all cases
- IX. The advantage of the e-mail is that they are informal ways of accessing and broadcasting information, but this means that it is also easy to send out ill-considered statements. You must not use these media to send anything which would be subject to disciplinary or legal action in any other context or unlawful material.

**Effective communication balances managerial effectiveness in organizations, therefore achieving organizational objectives.** Accordingly, an organization's structure must enable the flow of communication. The settings in large organization, like **InDB**, often makes effective communication difficult. This is a result from having various authorization levels in hierarchical organizational structure. As it is composed of many middle management authorities between the top management and the employees of the organization. Such a structure is built so that the higher management of the structure take the right decisions for the company. While such a structure may better define levels of authority and responsibility, which provides each employee a specialty and motivation with clear career paths and chances for promotion. It is believed, with the

implementation of this structure, the employees lack the levels of knowledge and proper experience to take the correct decisions for the organization. Because of the strict supervision of the managers, where managers dominate the process, the employees do not get any freedom of their own. This process has mostly been seen slowing down the workflow process. And due to different levels, the communication flow is not smooth enough, which made communication a slow process.

Having multiple layers of managers and supervisors, requires advanced roles for their higher level of education, more knowledge, and more experience, this resulted in more salaries paid annually.

Another setback is dividing employees into different departments and levels, means different supervisory levels to deal with instead of a sole executive, and this led to a lack of communication. Not to mention that various departments ended up making decisions that only benefited the department rather than the organization, which resulted in a highly competitive environment.

The current changes in technology, and workforce expectations make the decision more important than ever.

### SWOT Analysis for Centralization in Hierarchal Organization Structure

According to SWOT analysis results, it is seen that weakness and threats of the system are more than strengths and opportunities

|                 | Strengths                                                                                                                                    | Weaknesses                                                                                                                                                                                                                   |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Internal</b> | <ul style="list-style-type: none"> <li>- Easy to manage</li> <li>- Political governance</li> </ul>                                           | <ul style="list-style-type: none"> <li>- High range of control area</li> <li>- Managerial issues</li> <li>- Bureaucracy</li> </ul>                                                                                           |
|                 | Opportunity                                                                                                                                  | Threats                                                                                                                                                                                                                      |
| <b>External</b> | <ul style="list-style-type: none"> <li>- Social government issue</li> <li>- Financial Status</li> <li>- Competition Opportunities</li> </ul> | <ul style="list-style-type: none"> <li>- Hard competition standards</li> <li>- Privatization</li> <li>- Innovation</li> <li>- Local and regional differences</li> <li>- Accountability issues Transparency issues</li> </ul> |

Strengths of the Hierarchal Organizational system was easy to manage in a central management, and politic governance. In this system, managerial decisions were taken form in a central management organ, even though it caused some bureaucratic problems.

### **Advantages of Centralization**

1. **Single Source of Command:** When all the responsibilities are given to the top management, there is no confusion, and the decision is quickly made and executed impartially.
2. **One Team One Goal:** When there is one team with power, its easier to focus on the bigger picture. The direction of workflow from the top management implements an easy flow of work and better strategies.
3. **Cost-Effective:** Having control of the organization from a central location, and a standard method and procedure reduces administrative costs for office operations. Since the corporate headquarters decide if additional expenses are needed, finance is centralized and under one team.
4. **Implementing Decisions:** In a small group, decisions are easy to communicate. There are only a few people involved in decision-making, so there is less chance of conflict and everyone can agree quickly. Centralized organizations have the advantage of easy and simple decision making.
5. **Better Work Quality:** With centralized power, the quality of work is better. A number of departments are appointed under a number of supervisors that help the workers to perform efficiently, providing a better quality of work. Repetition of tasks is easily avoided along with high worker costs.

### **Disadvantages of Centralized Management**

1. **Administrative Leadership:** The employees of centralized management are only expected to deliver their top management's work. They are completely separated from making any organizational decisions and have a very slight chance of becoming a part of the head office. The lack of implementation of employees' work is not understood by the management, thus lowering their motivation and performance level.

2. **Limited Control:** Since head office makes the decisions, and the employees must abide by the authorities, it takes time to implement the rules. The executive's decisions often result in poor decisions that the employees disregard.

3. **Delay-** Due to the centralized management requiring work from the head office on a daily basis, the delivery and arrival of work are both delayed. The employees must also await the head office's response to move forward. This results in lower employee productivity and often needs to wait for a long period to get guidance working on a new project.

4. **Lack of Loyalty Among Employees-** As employees do not have a say in company decisions, they automatically lose interest in what they do. Centralized power makes employees follow orders, making them less loyal and often hampering their creativity at work.

## **Decentralization**

Decentralization provide a means of decreasing executives responsibilities, enhancing motivation and improving control and supervision in the company by reducing the burden on executives. An organization may delegate authority by the top management to the middle and lower levels of management through decentralization process. Essentially, this means that some of the approving

authority will be transferred to the middle and lower management levels, thus allowing the top management to be more focused on business expansion and diversification, which requires more time for decision making.

Thus, the process will enable rapid decision making, where most of the decisions will be made on the spot, which will allow the organization to function more quickly and efficiently. This will enable employees to perform tasks individually, which allows them to increase their exposure to enhance their experience and will allow them to advance their careers. As a result of this exercise, it will be possible to assess the performance of each department.

#### SWOT Analysis for Decentralization in Hierarchal Organization Structure

|                 | Strengths                                                                                                                                                                                                                                            | Weaknesses                                                                                                                                                                                                                |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Internal</b> | <ul style="list-style-type: none"> <li>- Managerial issues</li> <li>- Low range of control area</li> <li>- Managing of human capital</li> <li>- Bureaucracy</li> </ul>                                                                               | <ul style="list-style-type: none"> <li>- Financial differences</li> <li>- Gap between share of income</li> </ul>                                                                                                          |
|                 | Opportunity                                                                                                                                                                                                                                          | Threats                                                                                                                                                                                                                   |
| <b>External</b> | <ul style="list-style-type: none"> <li>- New Public Business Approach</li> <li>- Easy to adopt competition standards Innovation</li> <li>- Local and regional differences</li> <li>- Accountability issues</li> <li>- Transparency issues</li> </ul> | <ul style="list-style-type: none"> <li>- Easy to manage in a central management</li> <li>- Unique quality within country</li> <li>- Social and politic governance</li> <li>- Excessive focusing on performance</li> </ul> |

Similar to opportunities, the weakness of central management is also the strength of decentralization. The decentralization process enables easier handling of managerial issues, greater control over a given area, and fewer bureaucratic steps. Decentralization offers smaller and easy to manage organizations. What was perceived as a threat in the previous system is now seen as an opportunity. One advantage of the system is its ability to include innovation and technological advancement in competition standards quickly and easily.

Despite the fact that decentralization process has a number of benefits, there are still some issues that have yet to be resolved after the decentralization process, such as the political issues, governance and employment matters.

### **Advantages of Decentralization:**

1. **Equally Distributed Duty:** As part of the decentralized management, all of the top executives and staff in the organization have the same power distribution as their colleagues. In order to benefit the **InDB**, the higher authorities are responsible for major decision-making process. In the meantime, the decision making, and implementation take place between the central and lower level authorities as well. By delegating some responsibilities to the lower staff, they can relieve themselves of some stress.

2. **An advantage to diversify:** Among the benefits of diversification, is the ability to adjust activities and product lines more easily according to market requirements through decentralized management. Power has been distributed equally among employees, so this means that the workload can be divided equally, and that there can be no differences between them.

3. **Noticing Market Changes and Implementation:** Following the introduction of a new product to the market, it is important to analyze the customer's requirements and make innovative changes in order to make the product more appealing. As a result, the price, quality and delivery of these services must be rendered.

4. **Opportunity for Employees:** there is much to be learned when power is distributed fairly among employees. As part of decision-making process, they have a chance to take the initiative and take charge of managing tasks.

5. **Motivates Employees:** By taking part in decisions and major processes the employee get appreciated, which boosts their self-confidence. By doing that, it automatically promotes the employee's performance. when the executives can take part in decision making and major processes, they get appreciation, which automatically boosts their confidence. It encourages the executives and automatically improves production.

## Disadvantages of Decentralization

When it comes to managing employees, in order to help them grow and succeed, decentralization works great. However, without good structure and control over the process, it can turn into a huge problem. The following are some of the disadvantages of decentralization to take into consideration:

**1.Equal Procedures:** As a result of the decentralization procedure, every manager has their own way of making decisions and implementing them. As a result, different rules apply to different people since the policies are set up according to talent and abilities.

**2.Co-ordination Issues:** Since the rules are different under each manager, coordination with other teams often presents a challenge.

**3.Financial costs Are Higher:** Training must be required for the person who assumes the authority of decision-making. As a result, this demands high cost, and many small startups cannot afford to centralize their business and hire experts in different fields.

**4.Conflict- Decentralization:** While this system distributes power well, it makes divisional heads responsible for a lot of stress and pressure, in order to make a profit under any circumstances. The result is conflict between managers.

## Better Communication, Better Results.

There has been an unprecedented expansion and improvement of online communication over the last few years. Through the innovation of software, workplace communication has moved beyond e-mail and into collaborative social media platforms and creative intranets. There has been a

decline in traditional communication methods as well as a dramatic rise in the use of cyber communications which has had a major impact on the workplace and is causing changes.

Organizations continue to restructure in order to remain competitive, and communicating the transition to a new organizational structure in an effective way can be key. There is a growing body of research showing that organizations are able to positively impact their credibility with employees through a variety of organizational communication programs.

When it comes to the implementation of internal communication channels, it is imperative that leadership understands the benefits and limitations of various communications technologies and how they can be matched with the organization's needs, goals, structure, and strategic goals. It is important for employers to be aware of, and prepared to deal with, the common communication challenges that arise in various organizational structures.

### **New communication policy**

The current communication policy did not cover the 21<sup>st</sup> Century technological updates and use of other internet-based communication tools.

The current policy to explain the bureaucracy and order of authority, is suitable, but it lacks other elements which will be better reflected in the below suggestion for the approval of the highest authority of the management.

### **Purpose**

The purpose of this policy is to provide understanding and guidance for the appropriate use of communications tools, including verbal, printed, and digital, by **InDB** Staff

The Communications Policy is an important document that helps to protect the **InDB** reputation by ensuring consistency and accuracy in the information **InDB** places in the public realm.

### **Expectations Regarding Internal Communications**

Employees are expected to participate in internal communications in the following ways:

#### **Leadership/management**

Set a positive tone for effective internal communications by being visible, accessible, open, and honest with employees.

- ✓ Ensure that their team understands how business plans and priorities impact their work.
- ✓ Promote open and collaborative communication within the department.
- ✓ Demonstrate effective communication techniques and participate in the communication process.
- ✓ Communication of information, priorities, plans, and progress to employees across the complex, the department, and the division. Provide assistance to employees in understanding how the messages relate to them.
- ✓ Communicate departmental information, priorities, and plans to other employees and divisions within the college who require that information.
- ✓ Establish a two-way flow of information within the organization.
- ✓ Provide opportunities for all employees to participate in planning and update sessions.
- ✓ Address inaccurate information and quickly resolve serious concerns.

### **Employees**

- ✓ Actively participate in the communication process by listening, reading, submitting input and feedback, and asking questions regarding complex-wide, departmental, and divisional issues.
- ✓ Identify, seek out and request information that will be helpful to their employment.
- ✓ Assess and develop their communication skills as well as participate in training for success.

### **Communications Channels with the Public**

**InDB** utilizes a variety of communication tools to provide the staff and community with timely information. **InDB** communication channels are for the use of the organization's events and priorities only.

### **Internal Communication**

The main purpose of internal communication is to facilitate and manage the flow of information within the **InDB** staff in order to generate an informed workforce. Internal communication

includes information on programmes, relevant information regarding human resources and information of interest to staff members. The following communication tools and mediums must be used to communicate with staff members:

- Newsletters;
- Posters;
- Memorandums;
- Emails;
- Workshops/training sessions;
- Staff meetings;
- Corporate Website;
- Intranet;
- Annual Report;
- Social media;

## **21<sup>st</sup> Century work collaboration systems**

Due to the global pandemic COVID-19 spread, many establishments used technology in their favor to resume work. Systems such as Microsoft Teams, Zoom, and Google Drive, has made working from home a new experience, and helped the economy to thrive again.

Not to mention the existence of other IT solutions, software's and tools designed to unify workers and/or management who are working on a related process or the same task.

A collaborative service approach allows each of the participants in the process to be able to work together to attain the goals set out in the process. As collaboration information systems are multi-user networks, access to a part of the data required to reach a goal can be granted to team members through each system.

To ensure that company goals are met, using an information system is a key tool to ensure collaboration between various departments. Providing team members with a mechanism to share their expertise and knowledge in order to complete projects correctly and efficiently.

Through the use of collaborative tools, an organization can increase productivity at work and reduce the need for in-person meetings and communication. Also, it can prove valuable for remote workers and managers who manage a project without physically being present at the organization, thus contributing to the success of the project.

Examples of Frequently used collaboration tools:

- Microsoft teams
- Google docs
- Google sheets
- Skype
- Zoom

## Conclusion

The organization's structure connects the pieces of an organization so that it can operate at its highest level. The structure that an organization chooses will have a significant impact on its success in achieving its strategy and objectives. Leadership should have a solid understanding of the differences, benefits and limitations of diverse organizational structures to help with this strategic alignment process.

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