

Organisational behaviour
The Royal Mail

Stakeholders of an organisation fall into 3 different categories

Internal
In Direct
Connected

Internal stakeholders are people who depend on the organisation as their sole source of income and whose livelihood depends on the performance of the organisation.

In direct stakeholders are people who have an interest in the organisation but are not connected financially to the company for example the local community.

Connected stakeholders are people who are financially connected to the company for example shareholders, suppliers and other people who are linked financially to the organisation.

Organisational stakeholders are individuals or groups who have an interest and /or affected by the goals, operations of the organisation or the behaviour of its members.

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Stakeholders of the Royal mail are

The uk public as they require a certain of service from the postal system, these stakeholders are unhappy because their mail is arriving late, and royal mail targets.

Staff within the royal mail had low morale this had a knock on effect to the service which the company provided. The problem of low staff morale could have had many contributing factors.

The first of which was the influx of temporary contract workers within the sorting offices these staff had little or no knowledge of the company and the standards expected of them. This has led to widespread under performance throughout the organisation and targets were not being met.

The competitors of royal mail which are alternative companies such as DHL, Night freight, TNT and FedEx have an interest in how the company is performing. The poor performance of royal mail in recent years has led to a loss in consumer confidence in the service and people using other types of carrier services such as the ones mentioned above if royal mail are performing badly these other companies are likely to thrive.

The government are a direct stakeholder and only shareholder in the royal mail as it is a public sector run organisation which is in reality a service run b the government for the public. The government are unhappy as the royal mail appears to be inefficient and not capable of providing the level of service it provided 15 years ago.

Task 2

At present within the royal mail the main stakeholders which have relative power are the government because they fall into the connected stakeholder group as they have a financial interest in the company. The government also have the say in how the organisation is run as they are the only shareholder.

Other stakeholders which have relative power or an influence on how the organisation operates could include customers both business and private as if these customers did not exist the royal mail would be unable to operate. With this in mind it is in royal mail's interest to keep their customers satisfied as they could lose customers to their major competitors such as the carrier services I mentioned in task one through the public losing confidence in the service and capabilities of the royal mail.

Through going private the royal mail will turn into a profit making organisation and this will inevitably drive prices up in the short term until there is an equal amount of competition in order to combat the monopoly which the royal mail has over the postage service in the UK. Privatisation of the royal mail will no doubt have a similar effect on the service as when directory enquiry's went private in 2002. This caused mass confusion among the British public and people stopped using the service.

By privatising the UK's postal system other stakeholders such as TNT and DHL may set up rival postal style service to the royal mail and marketing drives by these rival companies offering a similar service could draw customers away with disastrous consequences.

Other stakeholders with relative power over royal mail's activities are the owners of the franchisee post offices. If the owners of these post offices lose confidence in the company and close this would mean that the services offered by royal mail becoming inaccessible in rural areas and the organisation losing large amounts of customers.

If the royal mail went private the major stakeholders of the company would be the shareholders who would be interested in the company making profits. By doing this

prices may have to increase and people who live in rural parts of the country may have to pay higher prices as the company may not cross subsidise the costs of posting a letter to keep prices to a set standard nationwide. Customers who were once loyal to the royal mail may start to use alternative methods of communication such as email because they may not have the same confidence in the service.

Other stakeholders who might be interested in the royal mail going private may be the post office as they may not like the way the private company is run with higher costs and different services available.

Task 3

Staff demotivation within the royal mail may have occurred due to a couple contributing factors.

These could include the situation within the company where employees feel that they are not given enough involvement in the decision making process about company affairs which may affect the structure and their job security in the future. This can lead to low staff morale within the organisation because of people being uncertain about their future and staff may feel under valued. The problems I have highlighted above could be the building blocks of a “them and us” culture this leaves the employees feeling alienated from senior management.

“Lennie Copeland (1985 pge 49) Describes the future challenge to management in developing ability, to understand, Cooperate with, management and do business with other cultures”

Success or failure depends upon the degree to which people who have different ways of doing things and different priorities can work together . Intercultural relationships are fragile. Countless hazards are created by communication problems, cultural differences in motivational and value systems, diverse codes of conduct, even differences in orientation to fundamentals such as perception of time and space.

He describes the problems of international technology transfer experienced an American multinational construction company in terms of 3 lessons they learned from their mistakes.

The first lesson concerned the conflict between efficiency and relationships. The company lost its Venezuelan contract to a French company because , in south America, quality of inter personal relationships is considered more important than efficiency, costs, timing and deadlines. American managers concentrated on efficiency and thus failed to develop the necessary rapport trust and mutual understanding. The Venezuelans preferred to work with people who were “simpatico”, and the French understood and concentrated on this. In contrast, Copeland points out that Americans are amazed that anyone puts so much consideration over price and product.

The second lesson concerned the conflict between the truth and face. The companies American engineers in Japan caused great offence with the communications style whilst helping local engineers with plant construction. They would tell a Japanese directly when they had done something wrong. This hurt Japanese sensibilities implied loss of face and should have been achieved

through indirect communication. The Americans felt that the Japanese were “beating about the bush” and would actually say “yes” when they really meant “no”. Americans attribute achievement and failure to the competitive individual. The Japanese in contrast value teamwork and harmony. So, American – style communication of praise and criticism caused great discomfort.

The third concerned the conflict between work and family. American managers found work in Saudi Arabia is not a central life interest , and that family responsibilities take priority. In the Arab world, what westerners consider nepotism is obligation to family and relatives who come before the job and the company the western concept of the “self- made individual is incomprehensible”.

This situation could be improved by restructuring the company in a way which would encourage a positive subculture within the organisation. This would work effectively if it was made easier for lower members of staff to communicate effectively with senior management. By holding regular appraisals and meetings with all staff communication would be improved and the culture within the organisation would be improved as staff feel a sense of meaning and wellbeing within the company.

From the research I have conducted into the leadership styles in place in the royal mail I have discovered that the royal mail was under the influence of an auto critic leadership style which I feel was necessary during the period organisation in difficulty. I feel that now the company is in the recovery stage that a more democratic style of leadership would be effective as to encourage team decision making.

Task 4

When companies set performance targets they need to be calibrated to a realistic and realisable standard so that employees don't feel under too much pressure to meet them. If targets are set to an unrealisable level staff will become de-motivated as they realise that they are unable to meet these targets.

The setting of targets within the Royal Mail was not a successful idea due to the unrealistic ideas which they brought about. After setting these targets at a high level which the staff knew were nearly impossible to meet overnight this caused staff demotivation through making them feel like they were incapable of doing their job. By setting realistic targets Royal Mail have kept their staff motivated in recent months and achieved these targets keeping both staff and customers happy.

Royal Mail today announced a record Christmas trading performance with a 10.6% revenue increase across the company compared to the previous year.

The £80 million increase in sales in the four weeks to December 25 is one of the best performances so far announced by a large UK company over this Christmas trading period.

Royal Mail's Chairman, Allan Leighton, said: "Royal Mail has had a stunning Christmas. A 10.6% increase in sales at Christmas in a four-week period by a mature business in a mature market is a staggering performance.

"Our people have done a fantastic job and they deserve the credit for Royal Mail's record trading performance."

Mr Leighton said preliminary figures were also indicating that quality of service to customers during the Christmas period was among the best levels in at least a decade.

Christmas trading figures show that for the first time, Royal Mail's revenue across the company exceeded £800 million in one month. Total sales were some £80 million higher in December 2004 than in the same month a year ago. In December:

- Royal Mail's letters business recorded an 8% growth in revenue – some £46 million higher than a year ago, helped by a record Christmas mail bag containing over 100 million more letters and cards than in 2003, and a surge in e-tailing/home shopping in which Royal Mail played a major part.

- Post Office Ltd grew its business by more than 17% – up some £17 million compared to December 2003, with the Post Office's growing range of financial and banking services helping to fuel the rise.

- GLS, Royal Mail's European parcels business saw its turnover increase by over 25% with a £16 million rise in revenue.

- Parcelforce Worldwide's sales rose by more than 12% with a £4 million rise in revenue in a market which – like GLS's – is hugely competitive.

This article was extracted from the following website 12/3/2005

http://www.royalmailgroup.com/news/expandarticle.asp?id=1431&brand=royal_mail_group

Task 5

The management of royal mail in recent years up until a couple of months ago has been poor with the company making massive losses and staff morale in the work place at an all time low. With staff morale being low productivity has been low and management has been inefficient in combating the problem .

I feel that since Adam Crozier joined Royal Mail in February 2003 the situation has improved with him taking on an authoritarian management style in order to turn the company around. This style of leadership is the most effective in times of crisis and when a democratic style would take too long. In Royal Mail's example with the amount of money they were losing and the poor performance which they were achieving this style of leadership has proved successful as they are now meeting targets and reaching profits of £400 million for the first time.

Crozier's style of leadership is of an aggressive style which he is infamous for whilst he was chairman for the FA but in the case of Royal Mail that is what was needed to turn the company around.

Adam Crozier, Royal Mail's Chief Executive, said the Christmas trading performance put the company on course to make a profit on day-to-day operations of more than £400 million in the financial year to March 2005, which will allow Royal Mail to achieve its plan of giving its people a Share in Success payment of at least £800.

"We are determined to reward employees for their part in the success of Royal Mail," said Mr Crozier. He added that Royal Mail had recently announced it was making more than £1 million a day on its operations – a turnaround from the losses of well over £1 million a day it was recording just three years ago.

But Mr Crozier cautioned: "Royal Mail must perform even better as we go forward. There can be no let-up in our drive to deliver high quality services to our customers, day-in, day-out, while generating profits to reinvest in our future and give our shareholder an acceptable return.

"Royal Mail is making remarkable progress. But the biggest challenges lie ahead as we compete in a market that is set to be open to full competition in less than a year's

time in January 2006. Improving quality of service must remain our number one priority.”

This was extracted from the royal mail groups website 12/3/05

Bibliography

www.royalmailgroup.com

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