INTEGRATION OF STRUCTURE, CULTURE AND STRATEGY IN DESIGNING A MANAGEMENT SYSTEM

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Purpose: The aim of this study was to analyse the integration of structure, strategy and culture in the design of a management system in selected municipal offices.

Design/methodology/approach: The goal was implemented through own research, which was carried out in selected municipalities and was of a pilot nature. A questionnaire and interview were used for the research.

Findings: The conclusion that has been made was that in the analysed municipalities, the vision and mission of the municipalities specified in the strategy are consistent with politics. However, in the strategy, there are no records regarding structure and culture in the analysed municipalities. The structure, strategy and culture are not integrated (or are to a lesser extent), and thus these are not components in the design of an integrated management system.

Research limitations/implications: The results of the conducted research may be an inspiration for further work related to the issues of management in public administration. A limitation is the difficulty in conducting research in the offices (including reluctance to complete questionnaires).

Practical implications: Improving management in municipal offices.

Social implications: This depends on the management in the office as to whether a given municipality is developing or not. This translates into the quality of life of the inhabitants.

Originality/value: Designing an integrated management system at the municipal office.

Keywords: management system integration, Chandler's triangle, management in municipalities.

Category of the paper: Research paper.

1. Introduction

One of the first concepts in which the main factors affecting the functioning of an organisation were indicated was the so-called the magic triangle of Chandler (1984). The author distinguished three basic elements: strategy, structure and culture, which should be integrated, coupled back and harmonised. Development strategies are created in municipalities – each municipality develops such a document – at the same time, authorities dealing with problems

occurring in the municipality forget how important the coherence of strategy, structure and culture is in the design of a management system in a municipal office.

For these reasons, the purpose of this article was to analyse the integration of structure, strategy and culture in the design of a management system in municipal offices. The research problem was the diagnosis and analysis of the relationship between the indicated elements in the design of a management system. The subject of research was the municipal offices.

The theoretical goal was achieved in the introductory part of the article by presenting an analysis of a review of Polish and foreign literature. The empirical goal, on the other hand, was carried out through own research, which was of a pilot nature. The research methods that were used were questionnaire surveys, interviews and analysis of the collected information. The research tool was a questionnaire, which was directed to respondents working in three selected municipal offices.

This study falls under the mainstream of research in the field of management systems and enriches existing discussions for the indication of the level of integration of structure, strategy and culture in municipal offices, as well as recommendations for management according to management system design.

2. Strategy, structure and culture in the concept of a management system – literature review

The system school was created as a response to management problems in an integrated and comprehensive way. Representatives of the system school proposed a look at the organisation as a whole. Barnard, Homans, Selznick and Simon (Gabor, Mahoney, 2010), supporters of system theory, have presented management as a system consisting of multiple subsystems horizontally and vertically integrated. The systemic approach is the main paradigm in management sciences and the basis for the description of an organisation's functioning. The most important category in it is the system, defined as a set of deliberately separated elements that together form a common whole. Katz and Kahn (Őnday, 2016) place an organisation among complex, open systems, defined as socio-cultural, which have designated goals of functioning and structure. Organisation in a systemic approach is a definite whole, the ordering of which consists in the fact that particular objects (components) contribute to the success of the whole, and thus to achieve common goals (Beliczyński, 2012). Among the representatives of the system trend, one should mention Boulding and Ackoff, who present concepts and methodology based on the general theory of systems created by Bertalanffy (Sadowski, Zajdel, 2009) on the basis of biology. Bertalanffy (1984) defines the system as a set of elements remaining in mutual relations and assumes the existence of two types of features in additive and constitutive systems based on the claim that the whole is more than the sum of

parts, which translates into the inability to explain the behaviour of the team based solely on characteristics of elements appearing separately.

When discussing the problems related to systems, it can be stated that the system is a whole consisting of a number of elements that are interrelated and mutually conditioned. When designing a management system, it is worth paying attention to the fact that the elements are coherently connected with each other. The model developed by Leavit (1958) or the extended model 7S (Peters, Waterman, 1980) can be used to design a management system.

To realise the purpose of the article, attention will be focused on the concept of Chandler (1962), which, as mentioned in the introduction, was the first that turned attention to the integration of elements such as strategy, structure and culture. The Chandler magic triangle, for a better understanding of the discussed problem, is illustrated in Figure 1.
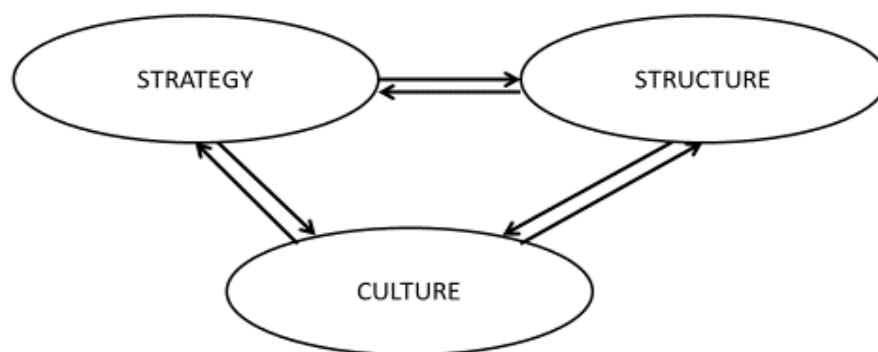

Figure 1. The Chandler magic triangle. Source: own study based on Chandler (1962).

While analysing Figure 1, it can be stated that three elements (strategy, structure and culture) are interrelated and coupled back. This means that changing one triggers a change of the others. The author of the presented model believes that an organisation can achieve efficiency if the strategy is compatible with other elements such as structure and culture. These elements should be managed jointly, but the perspective of a specific situation justifies which of them are the most important at that moment for the adopted strategy. While in literature, the relations between strategy and structure are described in detail, the links between organisational strategy and culture, although significant in the process of implementing the strategy, have only recently become the focus of interest for researchers (Gadomska-Lila, 2013).

The most important conclusion resulting from A. Chandler's research was the statement that the strategy preceded the formation of organisational structures. Maxim "if the structure does not follow the strategy – inefficiency appears", entered the canons of organisational and management sciences. The conditions in which modern organisations function require careful observation of the changes taking place and, at the same time, rapid and accurate reactions to these changes. In this context, organisational structure appears to be an important determinant of the effectiveness of an organisation, especially in the aspect of flexibility. It should therefore take a form that will ensure the implementation of strategic objectives, efficient decision-making and high efficiency in the implementation of current tasks. It is necessary to take into

account the key conditions of the structure. Structural factors are found in the environment of an organisation, as well as its internal attributes or components. An organisational role plays an important role in the group of internal determinants of structures. Due to this fact, in recent years, the importance of so-called soft management factors, which include organisational culture, has increasingly become the subject of analyses (Kiełbasa, 2017). Organisational cultures became a fashionable subject in the early 1980s. It began to popularise the view that the "perfection" of an organisation lies in the common way of thinking, feeling and behaving (shared by all its members). Organisational cultures are a phenomenon different from national cultures. An organisation is a social system that is inherently different from a State, if only because its members have not grown up in it (Hofstede, Hofstede, Minkov, 2011). Organisational culture sees the sources of success, and therefore, more and more often – both in literature and in empirical research – the relationship between organisational culture and other components of an organisation, including the organisational structure, is analysed. When selecting a specific structural solution, cultural conditions should be taken into account, otherwise the process of implementation and functioning of the structure may run contrary to the assumptions and have a negative impact on the efficiency of the entire organisation (Gadomska-Lila, Platonoff, Rudawska, 2010).

An organisation's culture is an important element that affects the results of the manager's and the whole team's work. It consists of systems, values and norms, colloquial and often unrealised assumptions and, associated with them, rules of operation and its functioning, produced by members of a given organisation. Understanding the culture of a given organisation allows managers to influence its operation and shape in such a way that it integrates participants around the goals, strategies and mission of the organisation. Culture is shaped by a history that develops over a long period. Each culture is somehow a reflection of the norms and values recognised in a given society (Kubik, 2008). When analysing the relationships between the organisational structure and changes in the organisational culture, attention should be paid to the fact that the organisational culture develops around the structure, so changes in the organisational culture will entail changes in the structure. The second aspect is that the structure may remain unchanged, but the culture may change if the way of management changes and if employees have assigned roles in the same structure.

3. Research methods

The research process was divided into four stages. From among the many methods utilised to accomplish the goal of the article, an analysis of Polish and foreign literature, reports, statistical data and observations was carried out (stage I). These activities allowed us to move to the second stage of the research process, which was to identify the knowledge gap, which

was the purpose of this study. The aim of the article was to analyse the integration of structure, strategy and culture in the design of a management system. Because the municipality management system is characterised by its specificity, which results from the essence of this organisation, and extends to almost all spheres of local community life and is also important on the macroscale (e.g. the State), municipal offices were selected for the study. The third stage of the research was own research, which was based on surveys and direct interviews. The research tool was a questionnaire, which was sent by e-mail and by post to three selected municipalities (Myślenice, Michałowice, and Mogilany). These municipalities were chosen for two reasons: the first is that they are characterised by a different level of competitiveness (Gorzelany-Plesińska, 2012), and the second reason is the cooperation with these municipalities established over the years.

The structure of own research was based on the use of qualitative methods in three areas (regarding structure, strategy and culture and the degree of integration of the listed elements). The questionnaire contained questions regarding the identification of the municipality and the respondent. Some of the questions regarding the integration of the indicated elements were divided into questions in which the respondent answered yes or no, as well as those in which the five-point Likert scale was used, where 1 meant to a very small degree, 2 – to a lesser extent, 3 – to an average extent, 4 – to a large extent, 5 – to a very large extent.

The survey questionnaire was sent electronically, and a paper version of the questionnaire was submitted to the examined offices. A total of 56 items were successfully completed (21 from the rural municipality of Michałowice, 15 from the rural municipality of Mogilany and 20 from the urban and rural municipality of Myślenice).

4. Integration of strategy, structure and culture in the management of municipal offices – empirical analysis

One of the oldest but very current concepts that can be used in the design of a management system is described in the work of the so-called magical Chandler triangle. In this concept, one can see the idea of integrated management, where, first and foremost, attempts are made to integrate substantive-rational and socio-emotional levels of organisation management. The municipality management system is characterised by its specificity resulting from the essence of this organisation, and it broadly extends to the spheres of life of the local community and also has significance on the macroscale (e.g. the State). The essence of the municipality's management system is characterised by the following properties (Stabryła, 1984):

- Fulfils the function of planning, organising, deciding, motivating and controlling.
- It is a comprehensive body, composed of management positions and functional positions, grouped in employee teams, which form cells or larger organisational units, as well as advisory positions and collegial bodies (committees).
- It has a specific scope of decision-making powers due to the management objects subordinated to it, and these rights are related to the freedom of making decisions.

In order to accomplish the goal of the article, own research was carried out, in which, in the first stage, an analysis was made of how the strategies in the analysed municipalities are formulated and whether organisational culture is diagnosed or whether changes in the organisational structure are designed. The respondent to the questions in this part of the questionnaire answered yes or no. The results are depicted in Figure 2, showing affirmative answers in percentages.
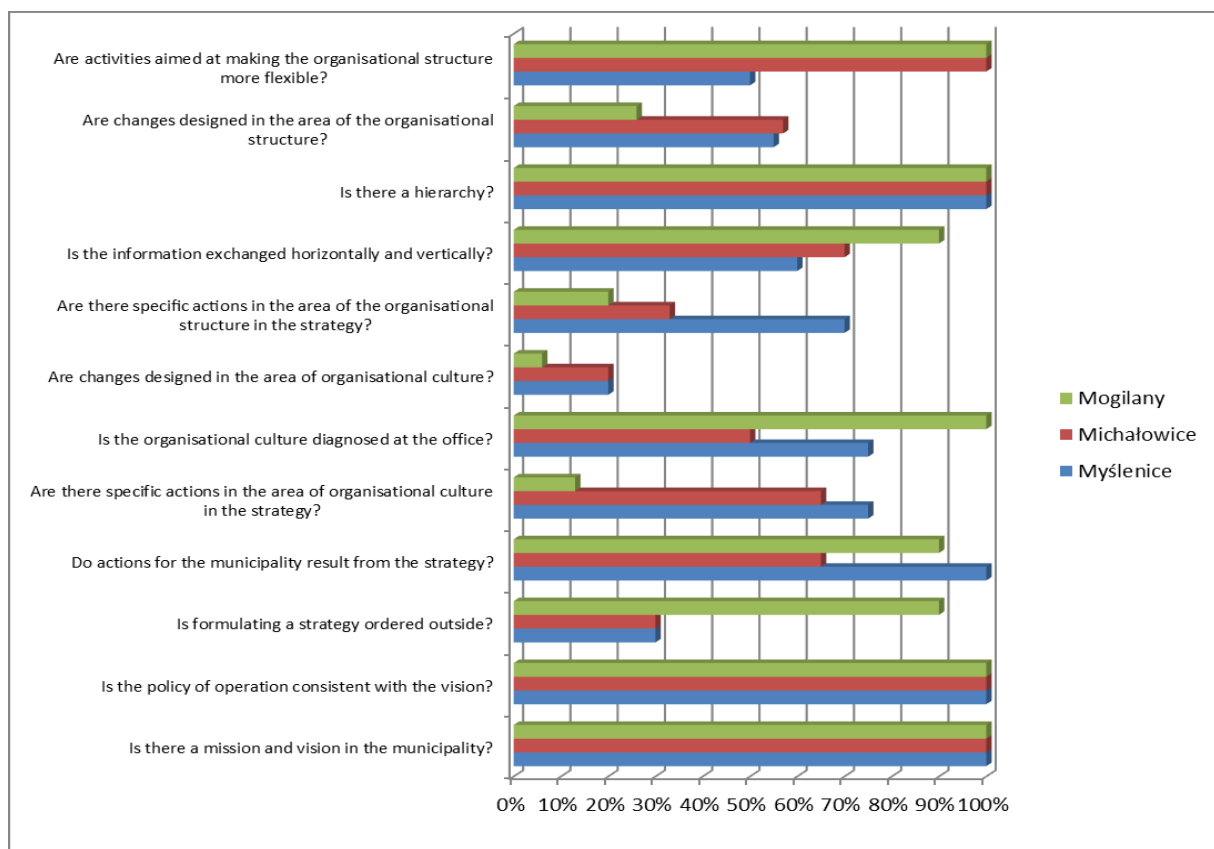

Figure 2. Undertaking activities in the area of structure, strategy and culture. Source: own study based on the conducted research.

Analysing the statement presented in Figure 2, it can be stated that in all the analysed municipalities, the mission and vision are defined and are consistent with the policy of the municipalities. The respondents also stated that there is a hierarchy in all analysed municipal offices. Formulating development strategies in the Mogilany municipal office is outsourced, which means that employees do not take part in its formulation. In the municipalities of Mogilany and Michałowice, activities are undertaken to make the structure more flexible, which, however, is not reflected in departing from the hierarchy and in strengthening

communication (in the office in Mogilany, 90% of respondents stated that information is exchanged both vertically and horizontally, while in Michałowice, only 70%). If we analyse the office in Myślenice, then in this case no action is taken towards making the structure more flexible, and communication is not strengthened. In all analysed municipalities, no changes are planned in the area of organisational culture, and no activities are undertaken in the area of structure. Nearly 100% of the respondents in the Myślenice municipal office indicated that activities result from the strategy; in Mogilany less than 90%; while at the office in Michałowice, 40% of officials indicated that actions do not result from the strategy. The above analysis allows one to formulate the conclusion that the strategy is formulated and contains a vision and a mission; however, there are no records regarding the organisational structure and culture. This may indicate that the elements – strategy, structure, culture – are not consistent.

For the above-mentioned reasons, the second part of the questionnaire contains questions about changes in the structure and whether it is consistent with the operational level and whether the structure is consistent with culture and culture with structure. The results are shown in Figure 3.
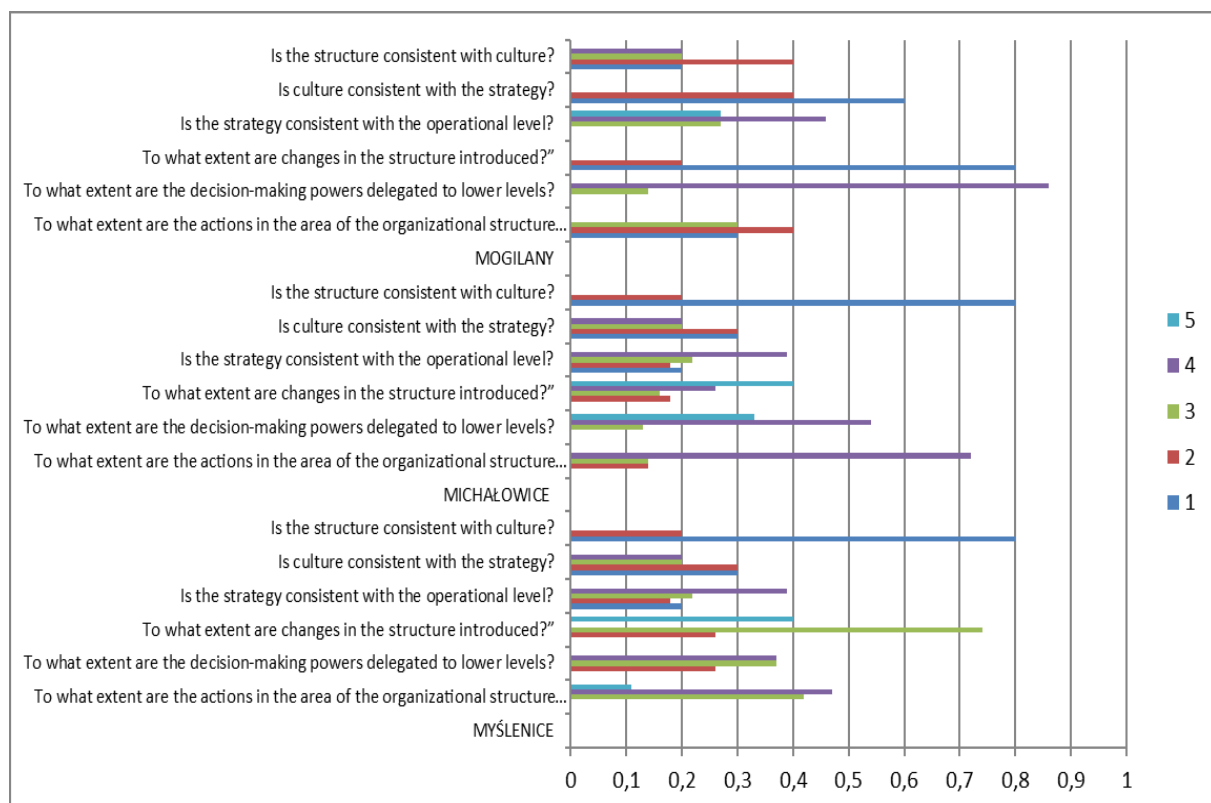

Figure 3. Consistency of strategy, structure and culture in the analysed municipalities. Source: own study based on the conducted research.

Analysing the statement presented in Figure 3, it can be stated that in none of the analysed municipalities were there actions aimed at changes in the structure, as well as the fact that the delegation of powers was not satisfactory. When it comes to consistency of strategies with the operational level, it can be stated that in all municipalities, it is consistent at an average or low level. As for the consistency of culture with strategy and structure with culture, this does not

exist in all municipalities. It can therefore be concluded that there are no mutual relationships and dependencies between strategy, structure and culture in the surveyed municipal offices.

At the end of the research, an analysis of the degree of integration of culture, structure and strategy was made. A questionnaire was used for this, in which points were assigned to each question. The average number of points (separately for each question) was then counted in the surveys. Subsequently, the number of points received was transferred to the model, and the degree of integration of strategy, structure and culture was checked by the office (indicator of strategy, structure and culture integration degree in the municipal office). The results are shown in Table 1.

Table 1.
Integration of the Structure (S), Strategy (SG) and Culture (C) in the analysed offices – research results in percentages

	DIAGNOSIS		
	S+SG	S+C	SG+C
Myślenice	66%	31%	51%
Michałowice	61%	35%	48%
Mogilany	63%	33%	55%

Source: own study.

The following formula was used to analyse the data presented in Table 1 (structure, strategy, culture integration degree).

$$SSCID = \frac{\text{the sum of the average number of points for each question (for the office)}}{maximum\ number\ of\ points\ -\ minimum\ number\ of\ points} x100\%$$

Where the following ranges were adopted:
- 0-29% means that the structure, strategy and culture are not integrated,
- 30-49% means that structure, strategy and culture are integrated to a lesser extent,
- 50-69% means that structure, strategy and culture are integrated on an average level,
- 70-89% means that structure, strategy and culture are integrated to a large extent,
- 90-100% means that structure, strategy and culture are integrated to a very large extent.

Analysing the municipal office in Myślenice and Mogilany, it can be stated that there is an average degree of integration between strategy and structure, as well as strategy and culture, whereas there is a small degree of integration between structure and culture. At the office of the Michałowice municipality, strategy with structure is integrated to an average degree, while the remaining elements are integrated to a lesser extent. It can be concluded that elements of the so-called the magic triangle in the offices of the municipalities of Myślenice, Mogilany and Michałowice are not harmonised or integrated. Therefore, people managing offices should pay more attention to the components of the management system.

When designing an integrated management system at the municipal office, it is necessary to take into account the departure from the classical model towards new management in public administration. New public management is defined as a management-based public administration model. This concept can also be described by the following terms: public

management, market public administration, public management on an arm's length basis. New public management is derived from the theory of economics (including public choice theory, theory of transaction costs) and experience resulting from management in the private sector (Rudolf, 2010). New public management entails decentralisation of public service decisions (Ferlie et al., 1996). The main barrier in creating an integrated management system can be hierarchy and the occurring bureaucracy. Bearing in mind the structure, strategy and culture, if the strategy would include a record of departure from the classical management model, then it would cause changes in the structure (it would become more flexible and reduce bureaucracy), and these activities would be reflected in the culture, which would also be more open. This, in turn, would have a positive impact on the staff, who would become more and more open to customers.

5. Summary

In this study, the assumed goal was realised. The management system has been characterized. The so-called a magic triangle in which structure, strategy and culture are integrated has been discussed. It indicates the dependencies between the structure, strategy and culture in the analysed municipalities, as well as an analysis of the degree of integration of the above-mentioned elements. The main conclusion that has been made was that in the analysed municipalities, the vision and mission of the municipalities specified in the strategy are consistent with politics. However, in the strategy, there are no records regarding structure and culture in the analysed municipalities. The conducted research also allowed us to formulate a conclusion that the indicated elements – structure, strategy, culture – are not integrated or are integrated to a lesser extent. In relation to the above, it can be concluded that the indicated elements are not components in the design of an integrated management system. This problem can be solved by moving away from a bureaucratic model towards new management in public administration.

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