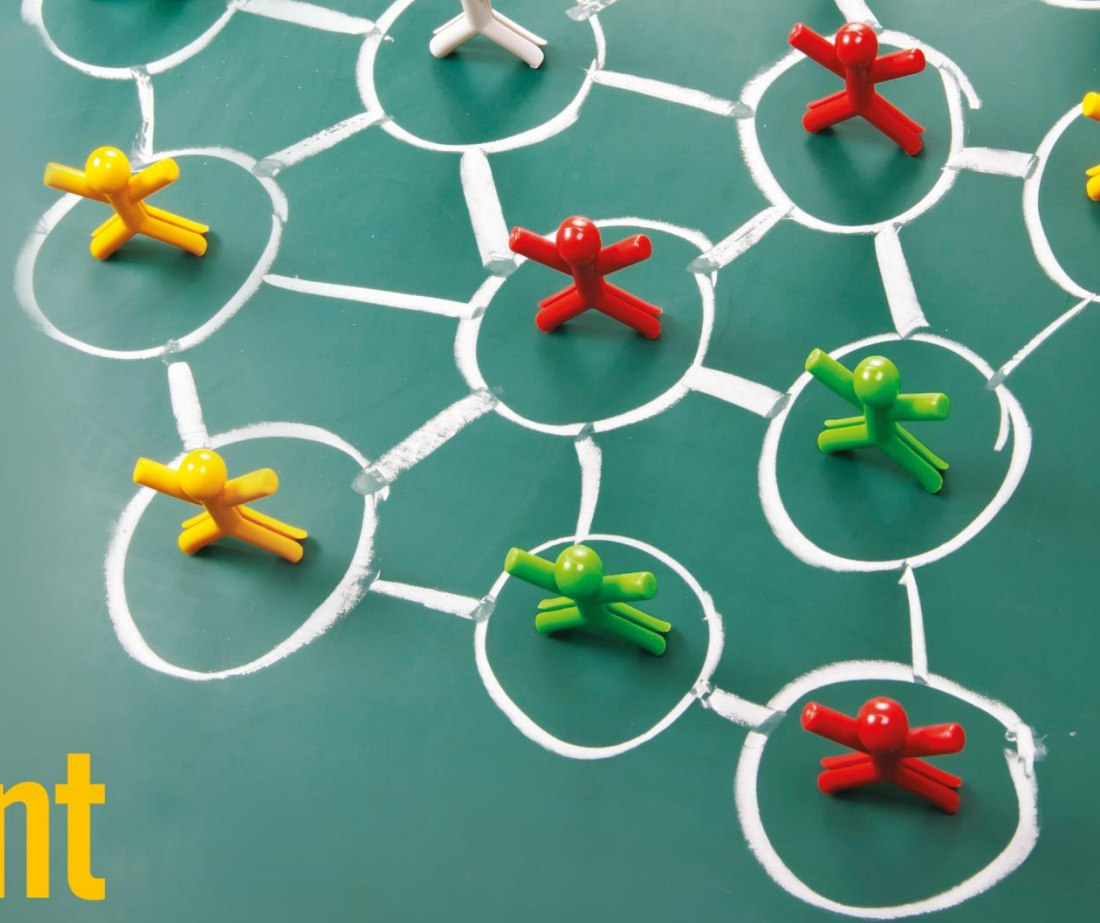


Introduction to
**Business
Management**

9TH EDITION

CHAPTER 8
ORGANISING





Chapter content

- Introduction
- The importance of organising
- The fundamentals of organising
- The informal organisation
- Factors that influence organisational structure
- Summary



Introduction

- Second component of management process
- Develop mechanisms to implement strategy
- Management combines human and other resources to achieve goals
- Most important – grouping and co-ordinating
- Leads to organisational structure
 - Formal tasks assigned
 - Formal reporting relationships established
 - Design of systems to ensure effective co-ordination



The importance of organising

- Provides detailed analysis of work to be done and resources to be used to accomplish goals of business
- Divides the total workload into activities that can comfortably be performed by an individual or a group
- Promotes productive deployment and utilisation of resources



The importance of organising

- Related activities and tasks of individuals are grouped together rationally in specialised departments
- Development of an organisational structure results in a mechanism that co-ordinates the activities of the whole business into a complete, uniform and harmonious unit



The fundamentals of organising

- Designing jobs
- Grouping jobs
- Establishing reporting relationships
- Establishing authority relationships
- Co-ordinating activities



Designing jobs

- Determination of an employee's work-related responsibilities
- Departure point is determining the level of specialisation within the organisation
- Job specification explains what must be done and sets the expected performance standards
- Specialisation is the way in which a task is broken up into smaller units to take advantage of specialised knowledge or skills to improve productivity

The benefits and limitations of specialisation

Table 8.1: The benefits and limitations of specialisation

Benefits of specialisation	Limitations of specialisation
Workers performing small and simple tasks become very proficient at each task.	Workers who perform highly specialised jobs may become bored and dissatisfied, which may lead to absenteeism and lower quality of work.
The transfer time between tasks decreases. If employees perform several different tasks, some time is lost as they stop doing a task and move to the next task.	The anticipated benefits of specialisation do not always occur. For example, the time spent on moving work in process from worker to worker can be greater than the time needed for the same individual to change from job to job.
The more narrowly defined a job is, the easier it is to develop specialised equipment to assist with that job.	
When an employee who performs a highly specialised job is absent or resigns, the manager is able to train somebody new at relatively low cost.	



Designing jobs

- Alternatives to counter boredom and dissatisfaction of specialisation:
 - Job rotation – move employees from one job to another
 - Job enlargement – increase total number of tasks of employee
 - Job enrichment – increase number of tasks and associated responsibility
 - Work teams – allows a team to design a work system to perform interrelated tasks



Grouping jobs

- Various organisational structures may be developed through departmentalisation
- These include:
 - Functional departmentalisation
 - Product departmentalisation
 - Location departmentalisation
 - Customer departmentalisation
 - Matrix organisational structure.

Functional departmentalisation



Figure 8.1: Functional departmentalisation

Product departmentalisation

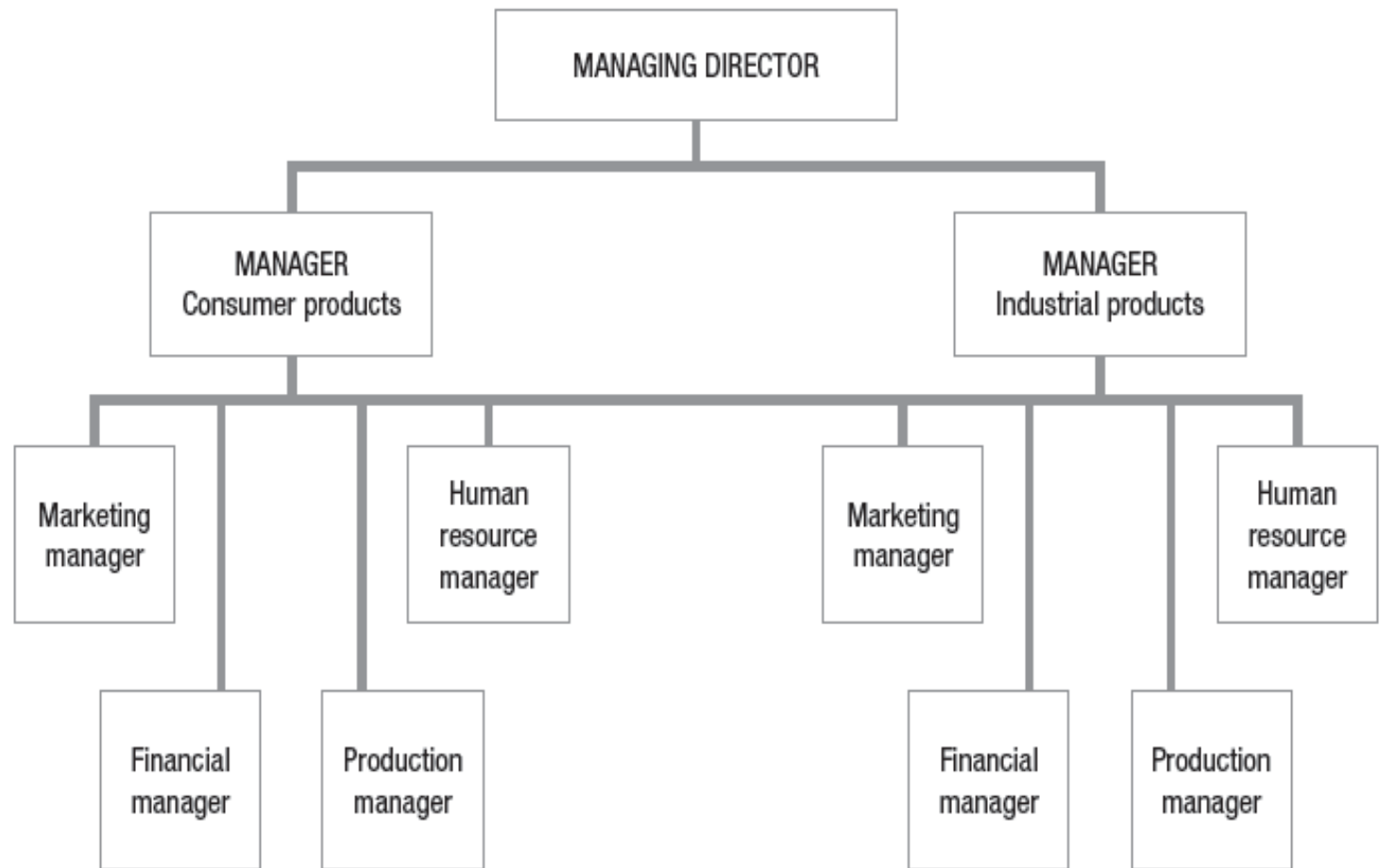


Figure 8.2: Product departmentalisation

Location departmentalisation

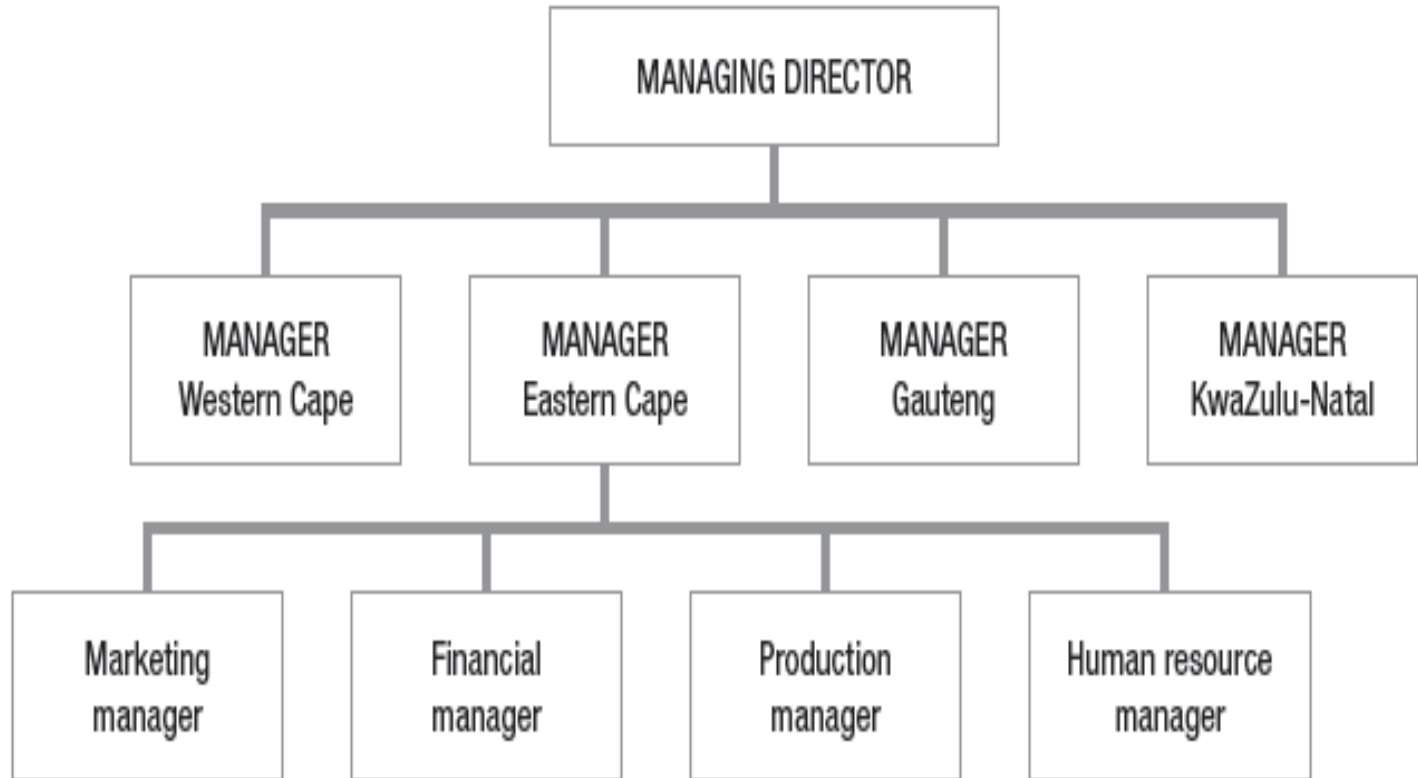


Figure 8.3: Location departmentalisation

Customer departmentalisation

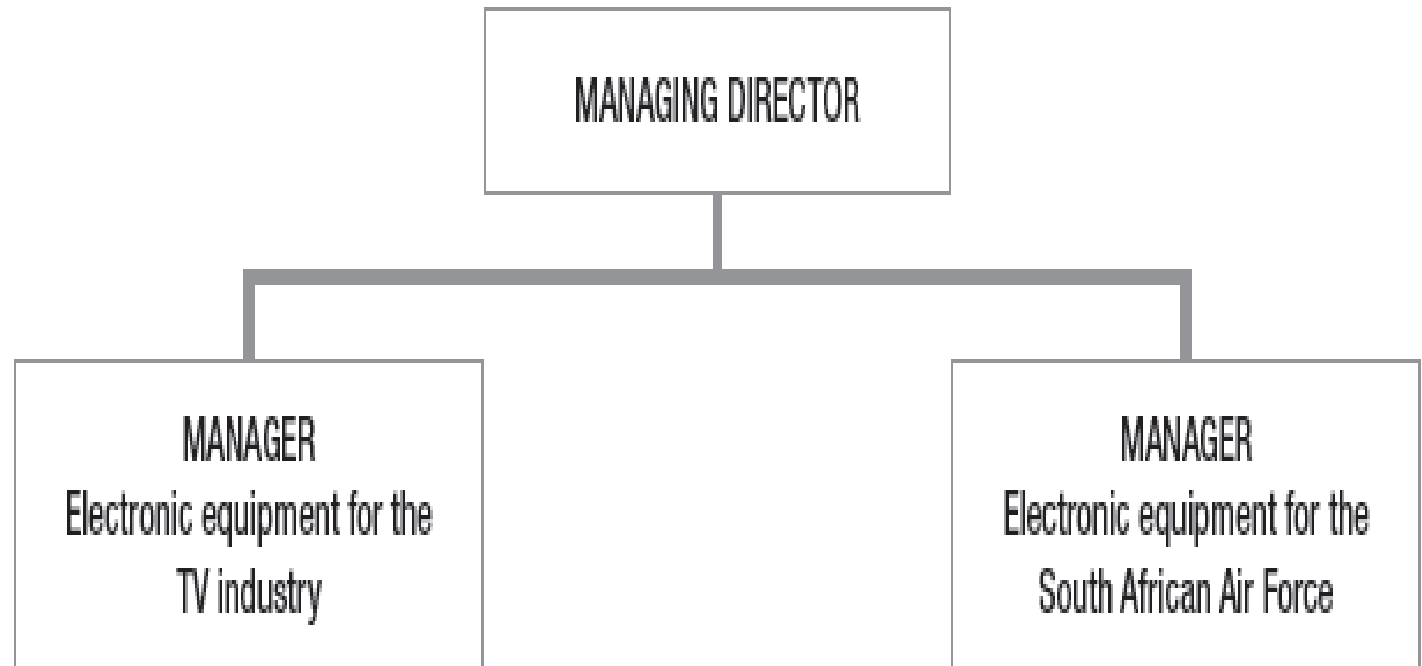


Figure 8.4: Customer departmentalisation

Matrix organisational structure

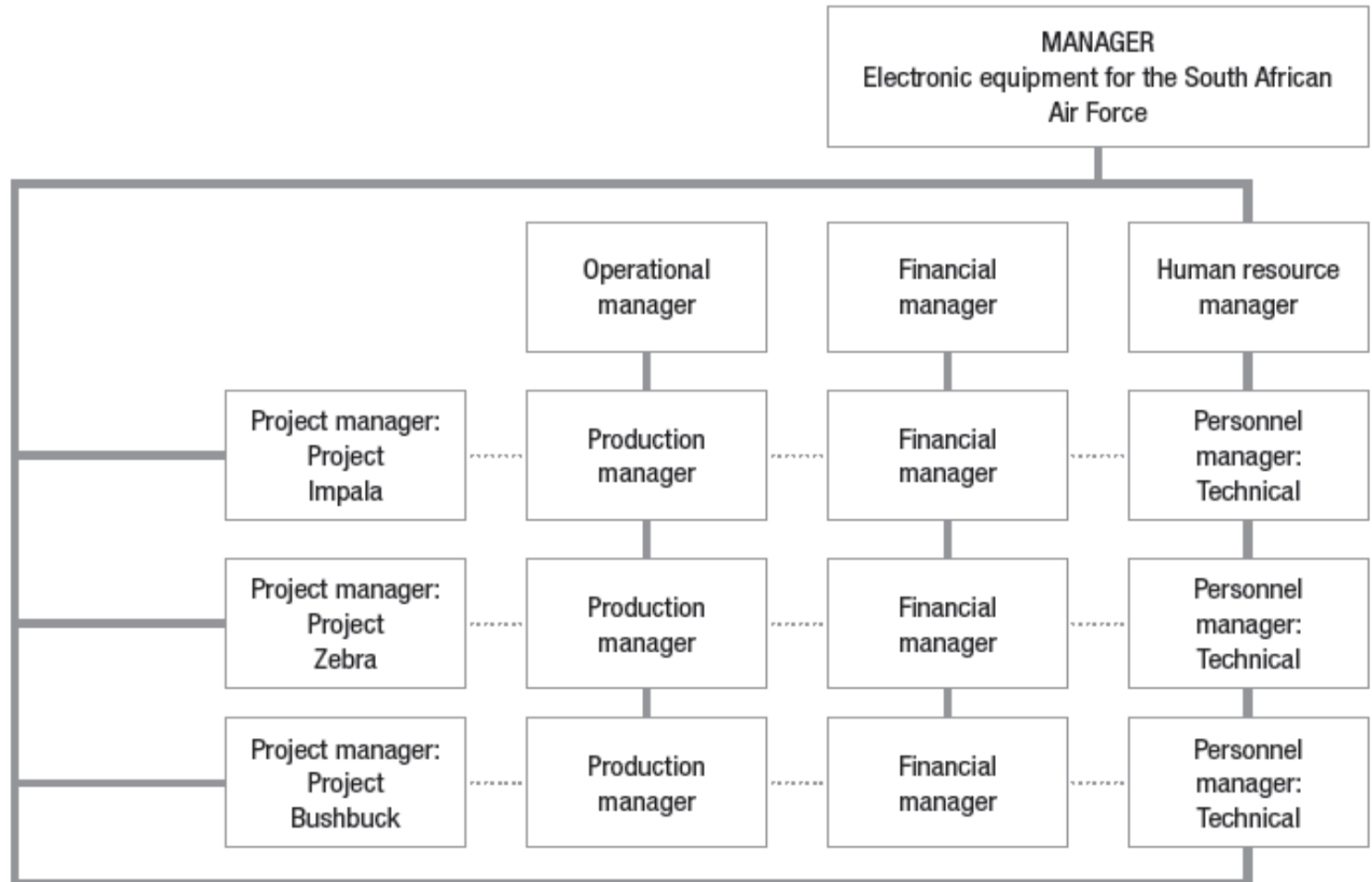


Figure 8.5: The matrix organisational structure

Establishing reporting relationships

- Develop clear and precise reporting lines
- Establish the chain of command
- Determine the span of management

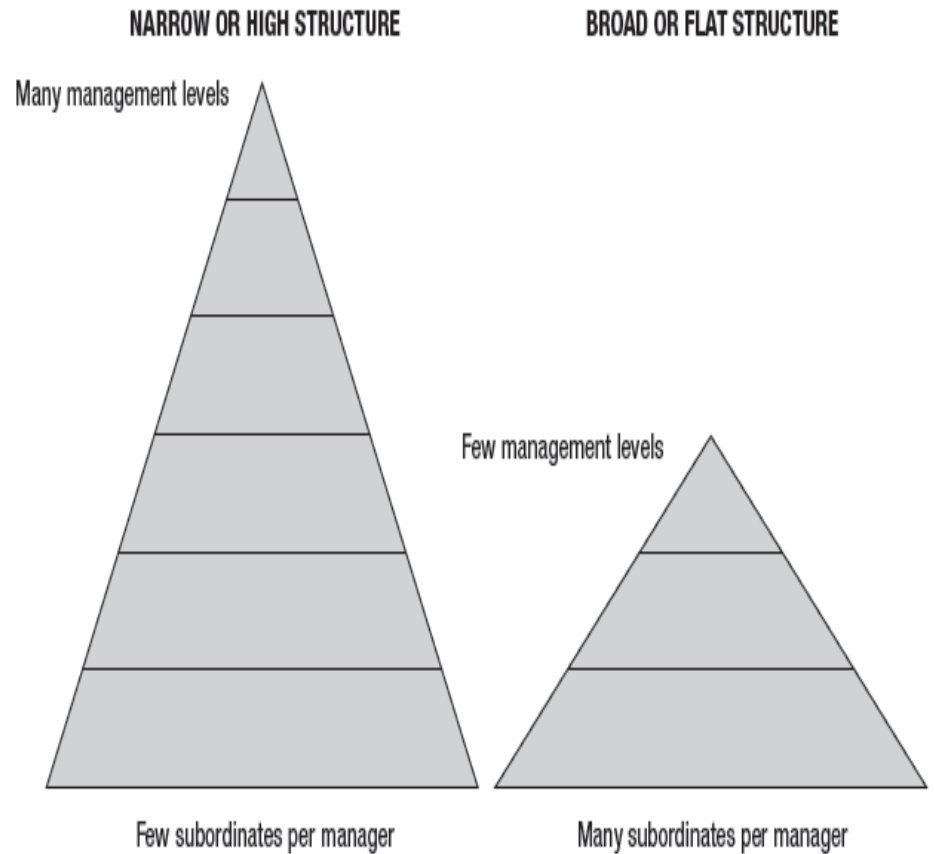


Figure 8.6: The span of management



Establishing authority relationships

- Assignment of tasks to sections and members of staff also entails the assignment of responsibility and authority
- Responsibility – the duty to perform the task or activity assigned
- Authority – right to command or give orders
 - Line authority
 - Staff authority

Line and staff authority in the organisational structure



Figure 8.7: Line and staff authority in the organisational structure



Coordinating activities

- Process of linking the activities of the various departments in the organisation into a single integrated unit
- Primary reason is that departments and groups within a business are interdependent and require each other to perform their activities
- Timing is necessary because various smaller tasks have to be scheduled to mesh with one another



The informal organisation

- Interpersonal relations between people in the business that are not defined by the formal organisational structure
- Comes about as a result of the regular interaction between people
- Should be encouraged because:
 - Informal communication takes place at a much more rapid pace than formal communication
 - It promotes teamwork within departments
 - It supports the formal organisation.



Factors that influence organisational structure

- The environment in which a business operates, types:
 - Stable environment
 - Turbulent environment
 - Technologically dominated environment.
- The relationship between strategy and structure
- The size of the business
- Staff employed by the business
- The organisational culture



Summary

- Development of a structure of framework for accomplishment of goals
- Resources allocated to individuals and departments to make it happen
- Division of labour must be coordinated
- Lead in setting in motion activities involved in planning, organising and control