Business and Technology (BT)

Diploma in business and technology

Pocket Notes

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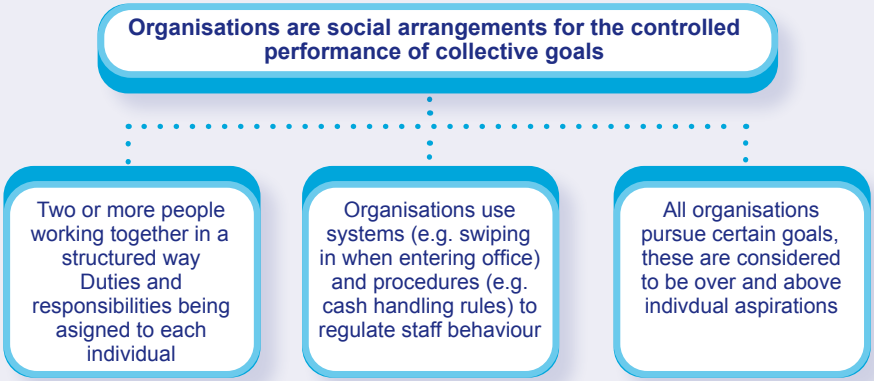
The need for organisation and its types



Different structural types

Definition

Structure refers to the way jobs are grouped into different departments and are allocated responsibility and authority.

Type	Rationale
Entrepreneurial	Typical in small, owner-managed companies. Allows for fast decision-making and high degree of control, however may restrict growth and success depends on manager's capabilities.
Functional	Departments are based on common specialisation. Best suited to companies operating in a stable environment, dealing with few products, this structure often suffers from conflict between departments and slow decision-making.
Divisional	Functions are grouped in accordance with product lines or divisions. Gives more responsibility to general managers, allows senior staff to become more strategic, but functions are duplicated and divisions may lose sight of organisation-wide goals.
Geographical	Activities are grouped according to location. This gives a high degree of flexibility necessary to adjust for local customs, but may lead to sub-optimisation.
Matrix	A combination of functional and divisional structure which allows for better coordination of activities and more focus on operations. Can lead to dual reporting and excessive pressure on staff.

Definition

Scalar chain – number of management levels

Span of control – number of subordinates under one manager's control

Span of control depends on:

- managers capabilities (physical & mental limitations)
- nature of managers workload
- nature of work undertaken (how routine it is)
- geographical dispersion of subordinates
- level of cohesiveness within the team.

All structures could be divided into two groups

- By composition (in relation to its size)
  - Tall with many levels of hierarchy & narrow span of control (e.g. functional, divisional, geographic)
  - Flat with few levels of hierarchy & wide span of control (e.g entrepreneurial, matrix).
- By level of decision-making:
  - Centralised – decisions are made by senior management (e.g.functional, entrepreneurial).
  - Decentralised – decision-making is delegated to lower levels (e.g.matrix, geographical).

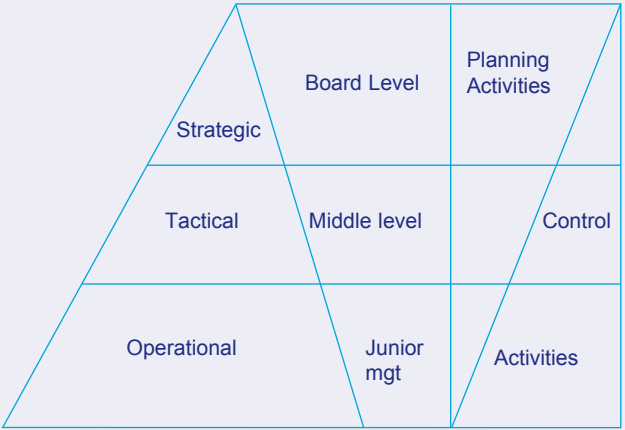
Offshoring

This refers to the process of outsourcing or relocating some of an organisation's functions from one country to another, usually in an effort to reduce costs.

Shared services approach

This involves centralising an internal function that is currently used throughout the organisation (i.e. centralisation of the IT department) and then running it like a separate business within the organisation. This often means that the rest of the organisation will be charged for use of this function.

Planning levels – The Anthony Triangle

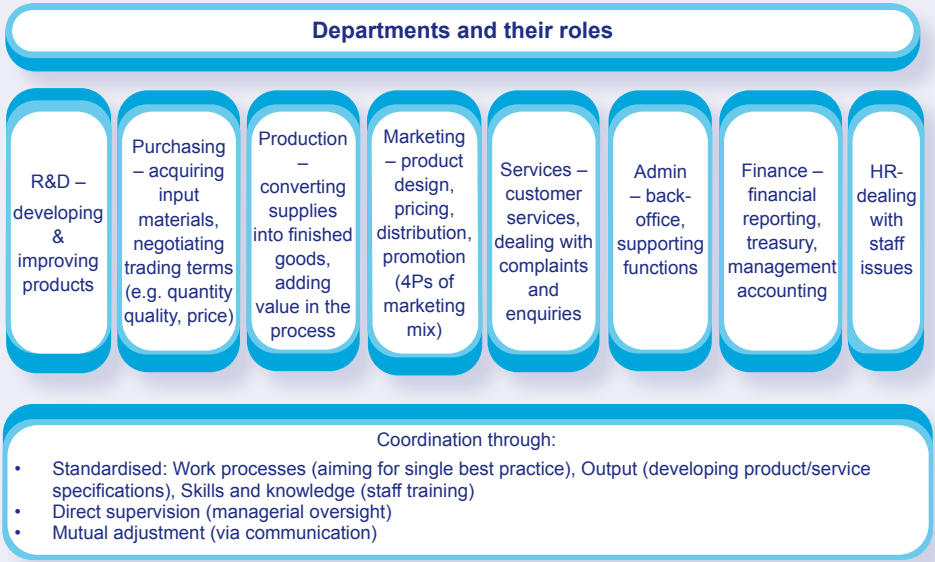


- long term
- looks at the whole organisation
- defines resource requirements

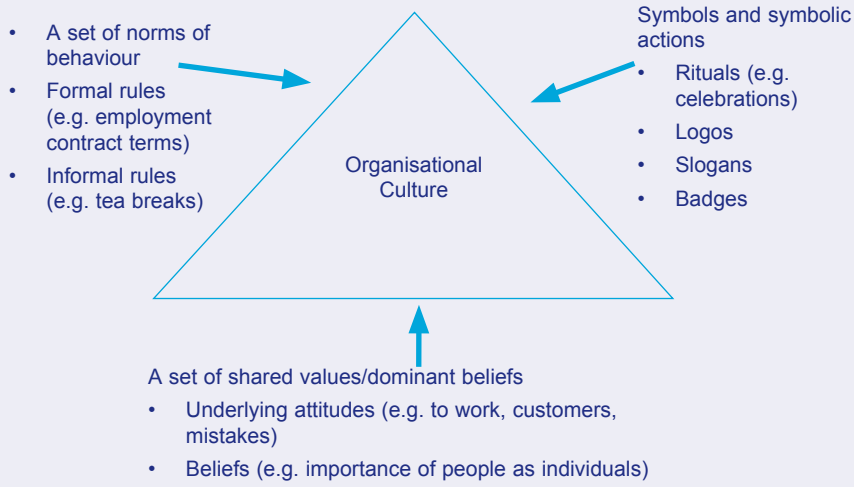
- medium term
- looks at the department / divisional level
- specifies how to use resources

- short term
- very detailed
- concerned day-to-day running of the company

The roles of main organisational functions and co-ordinating mechanisms between them



Organisational culture



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