



BUS 1370 : Principles of Management

Lesson 06 **Organising and Organisational Design**

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Learning Outcomes

- Define 'Organising'
- Identify the Process of Organising
- Discuss the Elements of Organising
- Identify the Organisational Structure and Chart
- Discuss the Different Organisational Structures

What is Organising?

Organising involves determining how activities and resources are to be grouped.

Griffin (2016)

The process of establishing orderly uses for all resources within the management system.

Certo & Certo (2010)

The management function concerned with assigning tasks, grouping tasks into departments and allocating resources to departments; the deployment of organizational resources to achieve strategic goals.

Samson et al. (2021)

The Process of Organising

1. Identification of work
2. Dividing workload into jobs
3. Grouping jobs into departments
4. Deciding spans of management
5. Delegating authority and responsibility
6. Allocation of resources
7. Establishing coordinating mechanisms

Basic Elements of Organising

- Job Specialisation
- Grouping jobs: Departmentalisation
- Establishing Reporting Relationships
- Distributing Authority
- Coordination

Griffin (2016)

Element 01 – Job Specialisation

The degree to which the overall task of the organisation is broken down and divided into smaller component parts.

It is a normal extension of organisational growth.



Griffin (2016)

Element 01 – Job Specialisation (contd).

Benefits

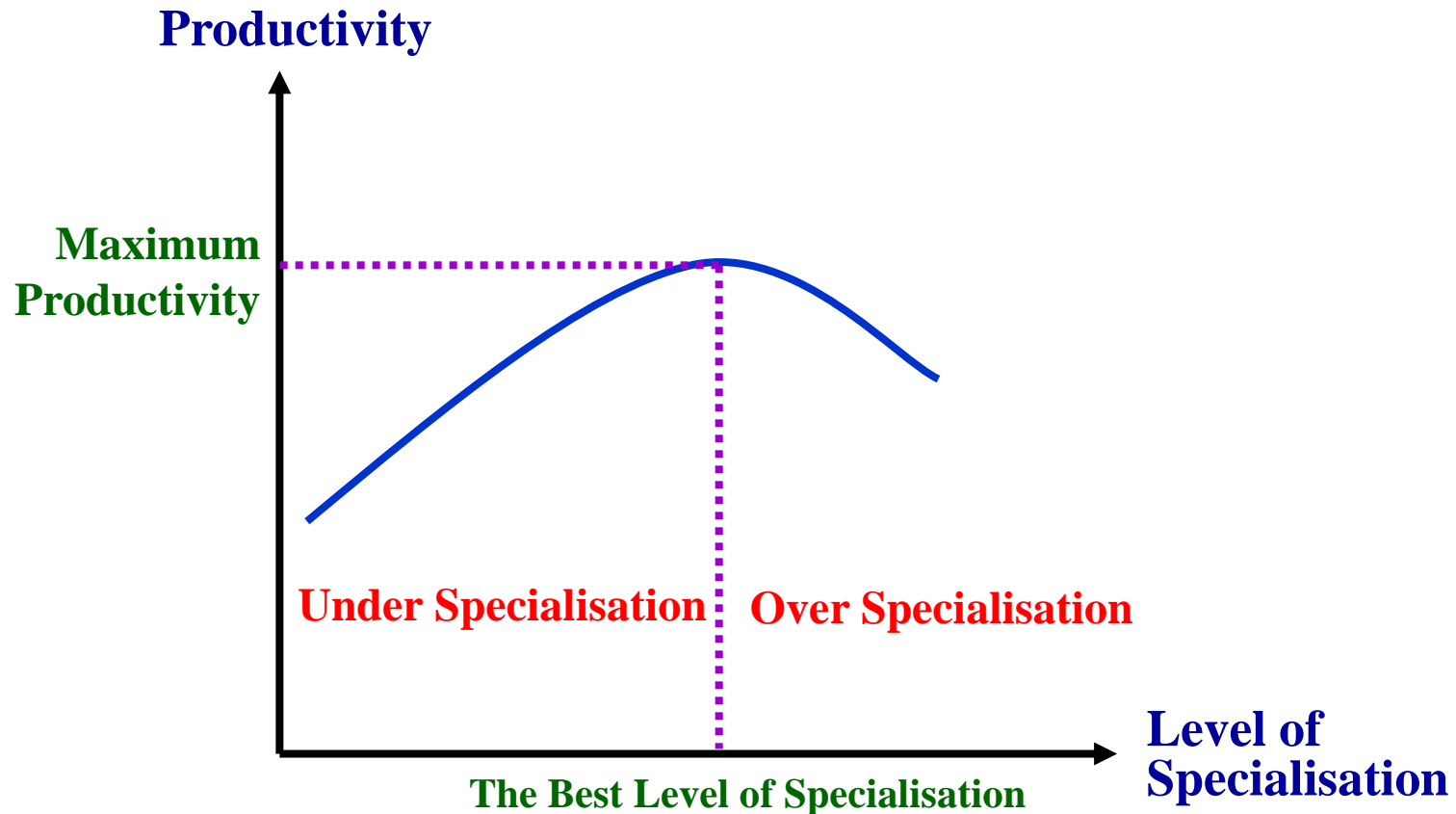
- Workers performing small, simple tasks will become very proficient at each task
- Transfer time between tasks decreases
- Easy to develop specialised equipment to assist jobs
- Easy replacement of employees

Limitations

- Monotony and boredom
- Fatigue and job stress
- Job dissatisfaction
- Higher levels of absenteeism and turnover
- Vocational diseases

Griffin (2016)

Element 01 – Job Specialisation (contd.)



Alternatives to Job Specialisation

Job Rotation

- Involves systematically moving employees from one job to another.
- Has not been very successful in enhancing employee motivation or satisfaction.
- More often used today as a training device to improve worker skills and flexibility.

Job Enlargement

- Involves in increasing the total number of tasks workers perform (horizontal expansion).
- Disadvantages include: (1) High training cost; (2) Demand for higher pay; and (3) Work remain boring and routine.

Griffin (2016)

Alternatives to Job Specialisation

Job Enrichment

- Attempts to increase both the number of tasks a worker does and the control the worker has over the job. To implement this, managers remove some controls from the job, delegate more authority to employees and give her/ him complete work unit.
- In this approach, continually new and challenging tasks are assigned to increase employees' opportunity for growth and advancement.

Job Characteristics Approach

- Suggests that jobs should be diagnosed and improved along five core dimensions (skill variety, task identity, task significance, autonomy and feedback), taking into account both the work system and employee preferences.

Work Teams

- Allows an entire group to design the work system it will use to perform an interrelated set of tasks. The group itself decides how jobs will be allocated among the group members.

Griffin (2016)

Element 02 – Grouping Jobs - Departmentalisation

- The process of grouping jobs according to some logical arrangement.
- The common bases for Departmentalisation are;
 - Functional Base
 - Product Base
 - Customer Base
 - Location Base
- Organisations are likely to employ multiple bases of Departmentalisation depending on the context of the organisation.

Griffin (2016)

Element 03 – Establishing Reporting Relationships

- The purpose of this activity is to clarify the **chain of command** and the **span of management**.

Chain of Command

- A clear and distinct line of authority among the positions in an organisation which shows who reports to whom.
- Consists of two (02) components;
 - 1) Unity of Command
 - 2) Scalar Principle

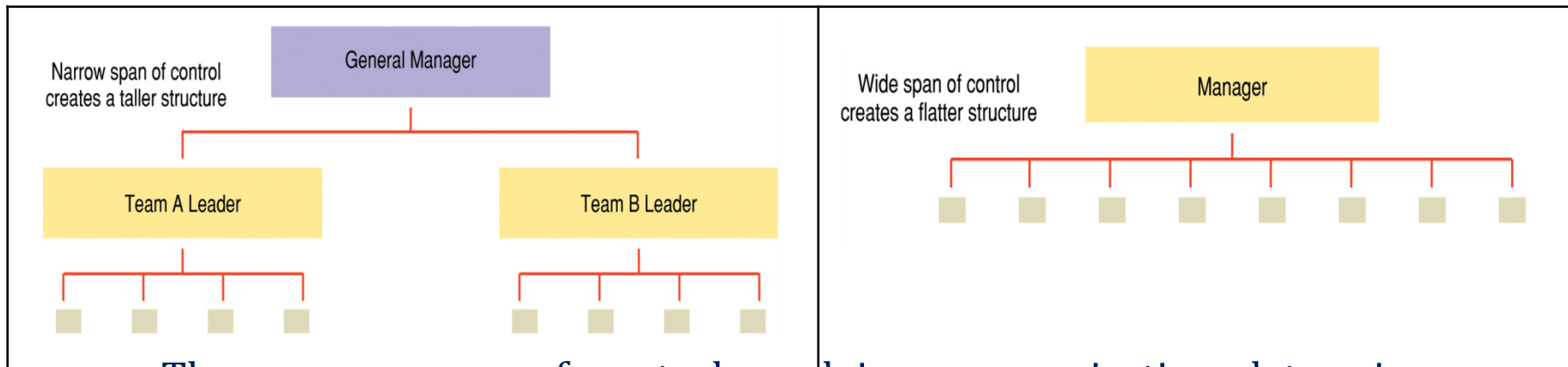
Griffin (2016)

Element 03 – Establishing Reporting Relationships (contd.)

Span of Management

The number of people who report to a particular manager.

Tall vs. Flat Organisations



- The average span of control used in an organisation determines whether the organisational structure is tall or flat.

Griffin (2016)

Factors Influencing the Span of Management

- Competence of the supervisor and subordinates (the greater the competence, the wider the potential span)
- Physical dispersion of the subordinates (the greater the dispersion, the narrower the potential span)
- Extent of non-supervisory work in manager's job (the more non-supervisory work, the narrower the potential span)
- Degree of required interaction (the more the required interaction, the narrower the potential span)
- Extent of standardised procedures (the more the standardised procedures, the wider the potential span)
- Similarity of tasks being supervised (the more the similar tasks, the wider the potential span)
- Frequency of new problems (the higher the frequency, the narrower the potential span)
- Preference of the supervisors and subordinates

Griffin (2012)

Element 04 – Distributing Authority

- Authority is the power that has been legitimised by the organisation.
- It includes the formal and legitimate rights of a manager to make decisions, issue orders, and allocate resources to achieve organisational desired outcomes.
- Two specific issues that managers must address when distributing authority are **delegation** and **decentralisation**.

Griffin (2016)

Element 04 – Distributing Authority (contd.)

Types of authority within an Organisation

1) Line Authority

Reflects the existing superior–subordinate relationship. It signifies that people in management positions have formal authority to direct and control immediate subordinates.

2) Staff Authority

Includes the right to advise, recommend and counsel in the staff specialists' area of expertise. This is a communication relationship where the staff specialists advise managers in technical areas.

3) Functional Authority

The authority that staff manager has right to give orders relevant to her/ his area, to the line managers.

Element 04 – Distributing Authority (contd.)

Centralisation vs. Decentralisation

Centralisation and decentralisation pertain to the hierarchical level at which decisions are made.

Centralisation

The process of systematically retaining power and authority in the hands of higher-level managers.

Examples



Decentralisation

The process of systematically delegating power and authority throughout the organisation to middle and lower-level managers.

Examples

Johnson & Johnson



Element 04 – Distributing Authority (contd.)

Centralisation

Advantages	Disadvantages
<p>A clear chain of command Focused vision Reduced costs Avoid the duplication of efforts</p>	<p>Bureaucratic leadership Remote control Delays in work Lack of employee loyalty</p>

Griffin (2016)

Element 04 – Distributing Authority (contd.)

Decentralisation

Advantages	Disadvantages
<p>Reduces the burden on top executives Provide product and market emphasis Better control and supervision Quick decision-making</p>	<p>Problem of coordination Conflicts Require qualified personnel Lack of uniformity</p>

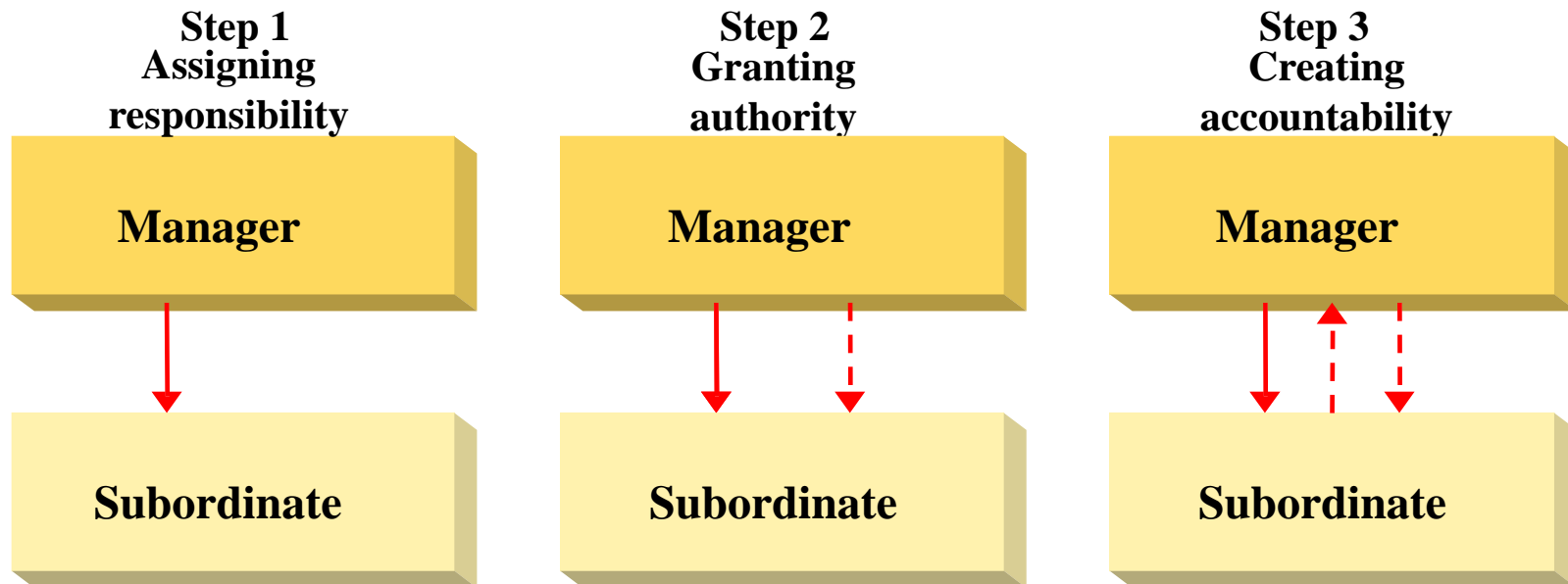
Griffin (2016)

Element 04 – Distributing Authority (contd.)

Delegation

The process by which a manager assigns a portion of her/ his total workload to others.

Steps in the Delegation Process



Griffin (2016)

Element 04 – Distributing Authority (contd.)

Barriers for Delegation and how to overcome them?

- Problems in delegation (the barriers) are;
 - Managers may be reluctant to delegate
 - Task cannot be delegated when managers are disorganised
 - Low/ no trust on the subordinates
 - Subordinates are reluctant to accept delegation

Griffin (2016)

Element 05 – Coordination

- The process of linking the activities of the various departments of the organisation.
- Structural Coordination Techniques:
 - Managerial Hierarchy
 - Policies, Procedures, Rules and Regulations
 - Liaison Roles
 - Task Forces
 - Integrating Departments

Griffin (2016)

Organisational Structure

- The set of elements that can be used to configure an organisation.

Griffin (2012)

- The formal framework by which job tasks are divided, grouped and coordinated.

Robbins & Coulter (2010)

Organisational Designs

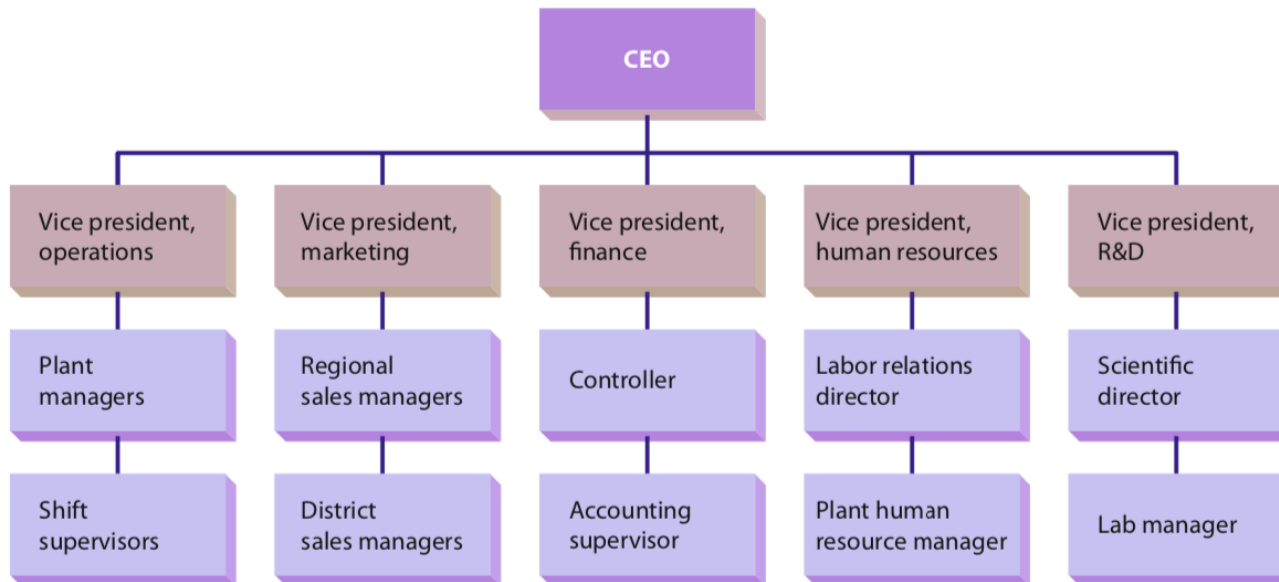
- Functional (U Form) Design
- Conglomerate (H Form) Design
- Divisional (M Form) Design
- Matrix Design
- Hybrid Design



Griffin (2016)

Functional (U Form) Design

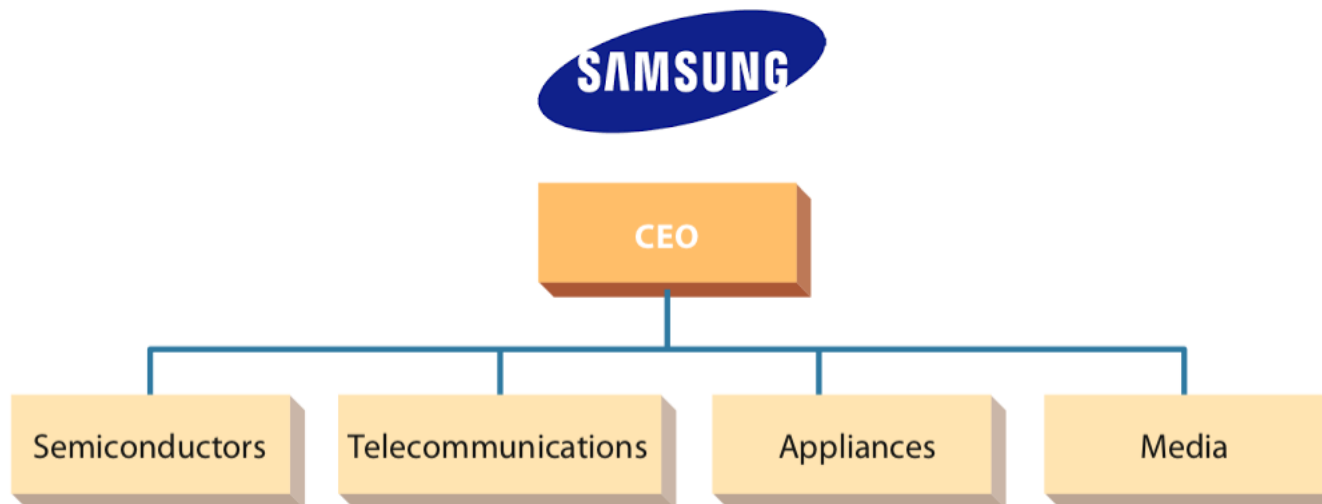
- Based on the functional approach to departmentalisation.
- This design has been termed the *U-form* (for unitary) approach. Under the U-form arrangement, the members and units in the organisation are grouped into functional departments such as marketing and production.



Griffin (2016)

Conglomerate (H Form) Design

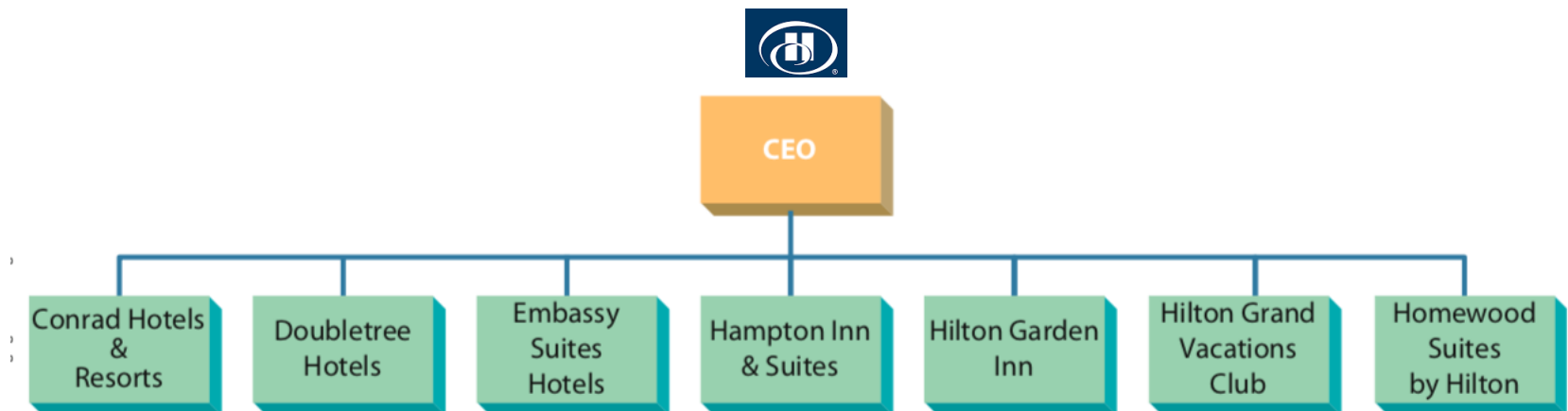
- Used by an organisation made up of a set of unrelated businesses.
- This design has been termed the H-form (for holding company).



Griffin (2016)

Divisional (M Form) Design

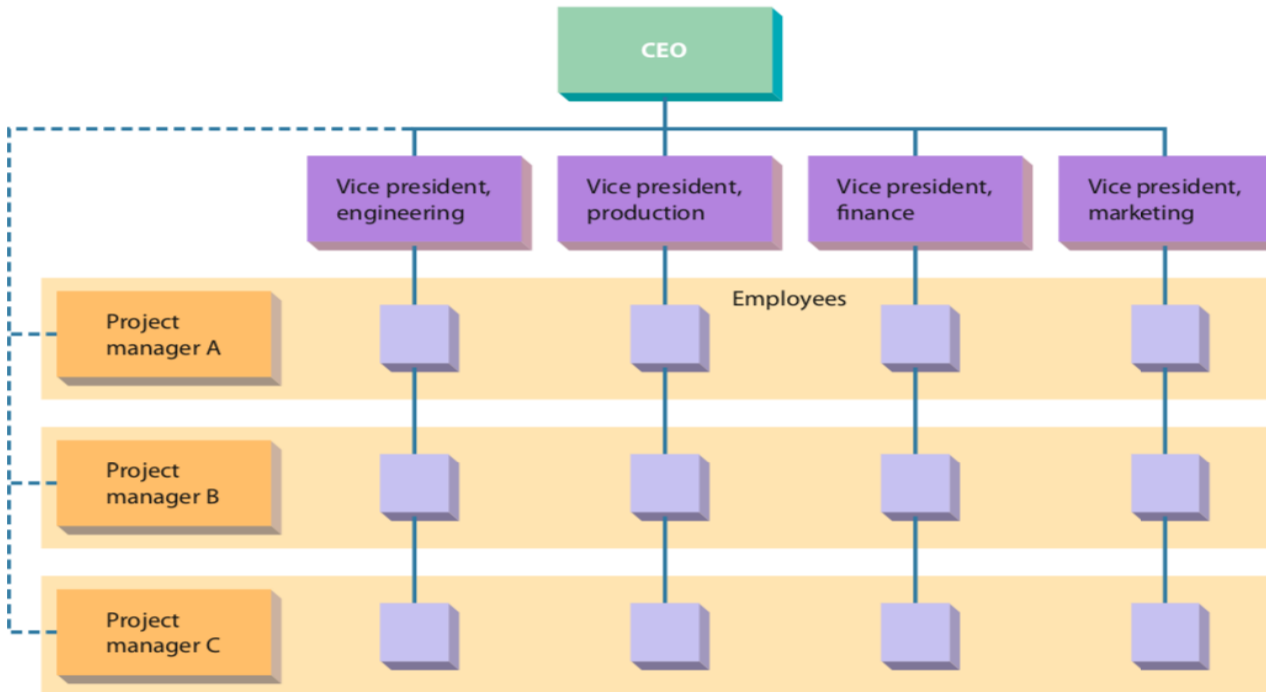
- Based on multiple businesses in related areas operating within a larger organisational framework.
- In contrast to the H-form approach, however, the divisions are related. Thus, the divisional design, or *M-form* (for multidivisional) approach, is based on multiple businesses in related areas operating within a larger organisational framework.



Griffin (2016)

Matrix Design

- Based on two overlapping bases of departmentalisation.
- Employees in a matrix are simultaneously members of a functional department (such as engineering) and of a project team. The unique feature of this approach is that it has dual lines of authority. The success of this approach depends on the abilities of;
 - Two-boss employees
 - Matrix boss
 - Top leader



Daft (2012); Griffin (2016)

Hybrid Design

Some organisations use a design that represents a hybrid of two or more of the common forms of organisation design.

For example, an organisation may have five related divisions and one unrelated division, making its design a cross between an M form and an H form.

Griffin (2016)

In the contemporary business context, there are more designs such as,

Virtual network approach

Subcontracts most of its major functions to separate companies and coordinates their activities from a small headquarters organisation.

Team-based approach

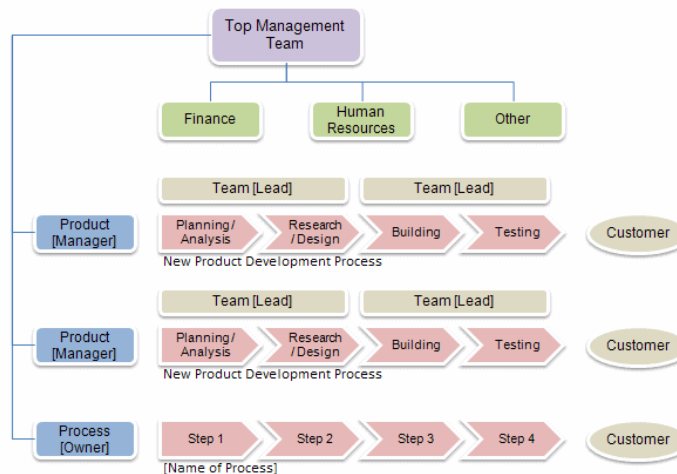
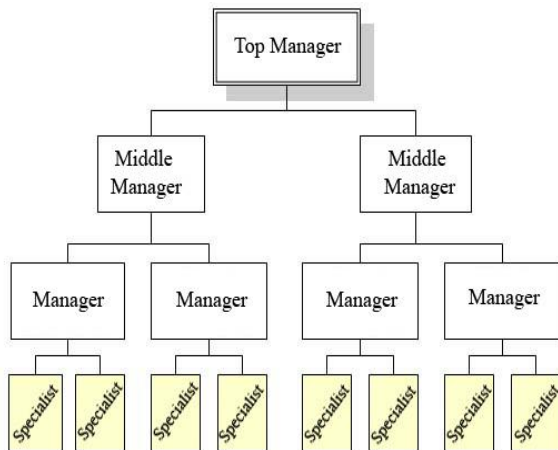
Breaks down barriers across departments and improves coordination and cooperation.

Samson et al. (2021)

Organisational Chart

- The graphical/visual representation of the Organisational Structure.
- In general, organisational charts can take forms, such as vertical, horizontal, circular, etc.

Sample Horizontal Organizational Structure



Questions *and* Discussion