

## WEEK 5:

Organizational structure: Businesses need to be well organized. Badly organized businesses tend to have defects such as inferior services; can lead to failure in the long term and many other factors in the short term e.g. unhappy customers.

-Businesses need to organize their people, equipment, buildings and technology.

ORGANISATIONS= Groups of people with common ideas, resources and goals

-The purpose of the organizing function is to make the best use of the organization's resources to achieve organizational goals.

-Have systems of authority to bind a group of people together, require some form of structure and administration in order to function.

Some groups need to lead and organization structure is used for planning, leading and controlling.

STRUCTURE: is the framework we use in organizations to:

-Divide tasks

-Allocate resources

-Coordinate groups

THE STRUCTURE VARIES FROM RIGID (Bureaucratic) to FLEXIBLE (laissez faire)

Structure affects how organizational goals are achieved through the level of work specialization, the chain of command (looks at some of the management functions: authority, responsibility, accountability), and where decision making is allocated in the organization. Is the centralized by location or management level or decentralized and split up amongst employees or branches or even other countries.

Fundamental characteristics of organizing:

-Work specialization: Fundamental principle is that the work can be performed more effectively if employees can specialize. Includes too degree to which tasks are divided into separate jobs, e.g. are employees only doing accounting, or accounting plus reception. The more specialized the task within the department, the more specialized the function. In extensive specialization, the employees may specialize in a single task. Many organizations are moving away from specialization as it has been known to create boring and repetitive jobs for employees, causing problems for staff and retention. Many companies are enlarging jobs to offer variety and challenges and creating teams to which employees can rotate doing different jobs allocated for the team to help alleviate these problems.

-Managerial Hierarchy: Level of management within an organization, typically includes the top, middle and supervisory management. In a MH the organizational units are controlled by a manager or a supervisor in a higher unit. The person who has the most formal authority is at the top, not all companies use this top down approach: some companies like to try to eliminate hierarchical structures to erase the form of "managerial class" created in the working environment.

-Chain of command: Line of authority that extends from one level of the organizations hierarchy to the next, make it clear who reports to who, CEO → employees creating goods.

-Span of management (control): Number of employees that a manager directly supervises, can be narrow or wide.

KEY TERMS:

-Line of authority: Links people in an organisation and defines who reports to whom

-Span of control: No. of employees reporting to a manager

-Tall structure: Typically large number of hierarchical roles and small span of control

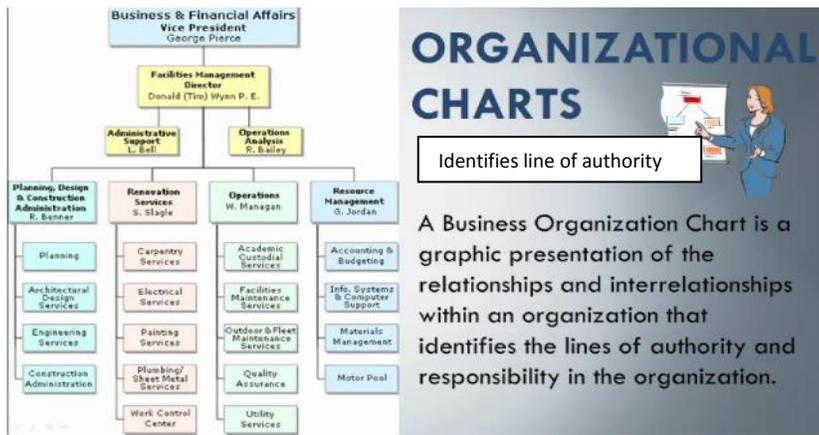
-Flat structure: Typically broad span of control: small number of hierarchical goals

-Centralization: when decisions are made at higher levels of the organisation

-Decentralisation: decisions are made at lower levels of the organisation

-Formalisation: Degree to which tasks are standardized and include the rules and regulations that govern employee behavior: including: written documentation, how much freedom employees have; are they empowered to make their own decisions. Different departments may have different levels of formalization.

-TEAMS: A unit of 2 or more people who share a mission and collective responsibility as they work together to achieve a goal.



## STRUCTURAL DESIGN:

-MECHANISTIC ORGANISATIONS: traditional, classical designs. Rigid, consist of clearly set out jobs, rely heavily on formal chain on formal chain of command.

-ORGANIC ORGANISATIONS: more flexible, less concerned with clearly defined structure. Open to the environment and can capitalize upon new opportunities. Typically have a flat structure with only one or two levels of management.

## ORGANISATION AND TEAMWORK:

-ORGANISATION STRUCTURE: A framework that enables managers to divide responsibilities, ensures employee accountability, and distributes decision-making authority.

-ORGANISATION CHART: A diagram that shows how employees and tasks are grouped and where the lines of communication and authority flow.

-AGILE ORGANISATION: A company whose structure, policies, and capabilities allow employees to respond quickly to customer needs and changes in the business environment.

-CORE COMPETENCIES: Activities that a company considers central and vital to its business.

-WORK SPECIALISATION: Specialization in or responsibility for some portion of an organization's overall work tasks, also called division of labour.

When employees concentrate on the same specialized tasks, they can perfect their skills and perform their tasks more quickly; it also prevents overlapping responsibilities and communication breakdowns.

-CHAIN OF COMMAND: A pathway for the flow of authority from one management level to the next.

Helps the organisations run smoothly by making authority decisions easy, employees are accountable to their managers. Managers ensure tasks are accomplished by exercising authority. Delegation= The assignment of work.

-LINE ORGANISATION: A chain of command system that establishes a clear line of authority flowing from the top to down

-LINE AND STAFF ORGANISATION: An organization system that has a clear chain of command but that also includes functional groups of people who provide advice and specialized services.

-IN THEORY by flattening an organisation (e.g. removing a layer) costs are reduced and communication speeds up which in turn speeds up decision making. Two disadvantages are the increased span of control for the managers who have to manage more people now (one layer of managers is gone) and the loss of relationships and knowledge the business unit managers may have brought to the organisation.

## ORGANIZING THE WORKFORCE:

-DEPARTMENTALISATION: Grouping people within an organisation according to function, division, matrix or network.

-FUNCTIONAL STRUCTURES: grouped by departments according to function e.g. marketing department, accounting department.

-DIVISIONAL STRUCTURES: grouped in separate divisions based on common products programmes or geographical locations, e.g. a packaging producer might have an industrial division that creates a big steel drum, cardboard division that makes boxes, an a can division that makes drinking cans.

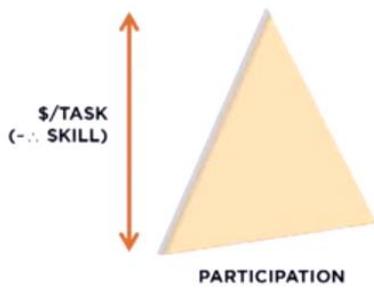
-MATRIX STRUCTURES: functional and divisional chains of command simultaneously. The 2 chains of command exist and some employees report to two bosses. This can be seen in the team of facilitators who teach BUSINESS101; all belong either to the management, marketing or education departments in the business school but they are all part of a cross functional BUS101 team brought together to teach.

-TEAM BASED APPROACH STRUCTURES: Series of teams created to achieve particular tasks.

-NETWORK APPROACH: Organisation is a small hub connected to other organizations that perform vital functions, departments can be independent and services contracted to a central hub. HUBS can be located anywhere in the world.

-OTHER: customer structures, geographic structures USUALLY divisional; Asian division, European division etc...

## MINDS FOR SALE:



- Offering money to people who have the ability to solve a business problem.
  - Kenyan refugees are given the ability to work on computers
  - Call centers at home for “momprenuers” : works as a helpline for hurricane Katrina etc...
  - Amazon Mechanical Turk→ artificial intelligence
  - People label boxes for money: a penny for labeling boxes
  - ESP game→ tedious tasks are turned into games which automate processes
- These processes allow for contractor relationships that don't invoke any of the protections of labour law, e.g. minimum wage etc...**

- Texas set up webcams along the border; invited people to stare at webcams, press a button if they see something suspicious. →Millions of people did it
- Smartdrive: Install an accelerometer assesses if anything is going wrong in the car and sends info to India, and your actions are judged by humans in real time.
- Internet eyes: ability to earn money to “reduce crime”. People have the ability to watch and report crime. Use other peoples judgments to see evaluate if something is legitimate or not.

Mechanical Turk is slightly risky as there is no guarantee to receive pay for job, a lot of power on the commissioner.

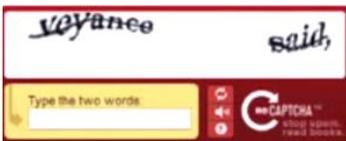
### -AMAZON

Commissioners pay people for tasks such as writing a 5/5 review for a product making sure the person writes a comment in correct grammar, marks all bad reviews unhelpful and making sure the person writes the most legitimate review as possible in order to boost the reviews on their site.

-Slashdotters heard of this and started paying people to write 1/5 reviews.

While people authenticate they are human on a website.

As the user types the word, old books are scanned to check spelling mistakes.



-YOUTUBE: offers money to put videos up, businesses pay to advertise on famous videos.

## ETHICS ON THE INTERNET:

-nofollow: is a value that can be assigned to the rel attribute of an HTML element to instruct some search engines that a hyperlink should not influence the link target's ranking in the search engine's index. It is intended to reduce the effectiveness of certain types of search engine spam, thereby improving the quality of search engine results and preventing spamdexing from occurring.

- Allowing humans to respect and give off some human element, gives moral valance →makes web more human as humans respect others privacy which is exploited by the internet.

-Kindness: people paying \$0.50 for people to be kind and upload the photo on the internet,

IS KINDNESS A TRANSACTION?