

ICT4 - Organisational Structure

Slide 1

Organisations comprise human and technological resources to achieve certain goals.

For some organisations the "goal" is to make money. In other organisations (e.g. schools, hospitals, prisons) the goal could be quite different. **What are the goals for the organisations listed here?**

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The "three pillars" of any organisation are:

- People (e.g. education, training, employee attitudes)
- Organisation (e.g. strategy, policy, culture, bureaucracy)
- Technology (e.g. hardware, software, telecommunications, information systems)

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According to a 1997 DTI survey, successful businesses

- *are led by visionary, enthusiastic champions of change*
- *they unlock the potential of their people by:*

creating a culture in which employees are genuinely empowered and focused on the customer.

by investing in them through good communications, teamwork and training.

flattening out and inverting the organisational pyramid.

- *They know their customers.*

Constantly learning from others

Welcoming the challenge of demanding customers to drive innovation and competitiveness.

- *Constantly introducing new, differentiated products and services.*

By a deep knowledge of their competitors

Encouraging innovation to successfully exploit new ideas

Focusing on core businesses complemented by strategic alliances.

Exceed their customers' expectations with new products and services.

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People

- Motivated staff are more productive than unmotivated staff (according to Heathcote anyway, but see http://news.bbc.co.uk/1/hi/english/business/newsid_1386000/1386484.stm for an alternative view).
- Successful companies view people as a resource rather than a cost.
- "Training is the epicentre of empowerment". Successful companies "use training as a competitive weapon".

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Most businesses are divided into "departments" i.e. production, sales and marketing, personnel (responsible for training and hiring), finance and accounting. **What are the responsibilities of these departments?**

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Organisation

Traditionally there is a pyramid structure with layers of management from the top down. The recent trend is to have a less hierarchical structure in organisations and, consequently "wasteful" layers of management have disappeared.

Slide 7 – Pyramid structure diagram

Slide 8

Division of Labour

This means that different individuals are responsible for different things. In small businesses, one person may have several roles. A "sole trader" is a self-employed individual who is responsible for an entire business.

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Span of Control

This means the number of employees who are directly supervised by one person. Too wide a span of control leads to a lack of control. Too narrow a span is wasteful.

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Traditional organisational Structure

In the "Pyramid Structure", roles are clearly defined. Each layer of the pyramid is responsible to the layer above. The military, schools and the civil service are typical examples of structured organisations.

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The problems of this structure are:

- This type of organisation can be slow to change
- Decisions can be slow to make and even slower to be implemented.
- Senior staff can be remote

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External pressures on an organisation can include customers, competitors, government regulations, pressure groups etc. **What pressures do these entities put on organisations?**

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The path through the levels of management from the MD (Managing Director) downwards

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A "horizontal structure" has become increasingly popular. There are fewer layers and problems can, therefore, be moved up the line more quickly. More people are directly answerable to the MD and, therefore, more decisions are taken by middle management. Employees have more responsibility and this leads to greater motivation. Problems are:

- Individual departments can become isolated from each other.
- Fewer levels in the organisation may mean fewer promotion opportunities.

Levels of the Structure

Strategic - Senior people like Chief Executives, MDs, Marketing Directors, etc. have to take strategic decisions.

Tactical - Middle management (e.g. Area Sales Director, Factory Manager) have to take tactical decisions.

Operational - (e.g. Foreman, shift leaders, the workforce) have to take operational decisions.

In general, the more senior the manager, the less detailed the information needed.

In a football club, the Chairman has a strategic role, the Coach has a tactical role, the team captain has an operation role.

In a war, a General might decide to "take" a particular hill (strategic), the middle ranking officers will decide how to take it (tactical) and the junior officers will lead men from A to B hopefully without getting shot.

Technology

Managers need Management Information Systems to help them monitor and control the performance of the organisation and plan for the future.

Knowledge Workers (these can include office workers and also includes "professionals" e.g. accountants, lawyers, teachers, engineers etc) need facilities like word processing, spreadsheets, databases etc. to help them with their work. They also need communication tools, e.g. Email, video conferencing, fax machines.

Production Workers might use data processing systems (otherwise known as transaction processing systems). Transactions are the events that are recorded when goods are bought and sold. There are two types: batch systems (where transactions are processed in a "batch") and online systems (where data is processed as soon as it is generated (could be used for an airline reservation system).

Effect of IT

IT has led to a flatter structure because:

- Organisations need to be dynamic.
- IT enables managers to monitor more people.
- Many low level jobs have disappeared (e.g. robots have replaced production workers, automated data entry has replaced many secretaries) and, therefore, some levels of the pyramid have disappeared altogether.
- IT systems can now take decisions that used to be taken by middle managers.

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