

6.		<p>Outline two problems which could arise in a business which has too wide a span of control.</p> <ul style="list-style-type: none">• Errors made because of a lack of supervision. Mistakes may occur as managers cannot adequately supervise employees /employees may make decisions they are not trained to make. / Complex and detailed work may not be completed correctly.• Poor morale. Less personal contact with employees/may lack guidance and become frustrated.• Management Burnout. The manager may become overwhelmed due to work overload resulting in poor decision making/may make snap decisions /management have less time for planning	10
		<ul style="list-style-type: none">• Poor Reporting Structures. Poor communication could result in problems not being reported on time resulting in serious difficulties.	

2.	<p>Outline two implications for a business of changing from a functional to a matrix organisation structure.</p> <ul style="list-style-type: none"> • Training/Staff Development required /Training costs involved for manager and staff which takes time to complete/ Productivity may decline in the short term/ Staff development may result as employees have greater knowledge and learn how the whole business operates/ Multi-skilled staff. • Duplication of duties may exist across several teams. Several teams may have a marketing manager, production manager. It is essential that each of these managers communicate to avoid conflicting approaches to projects. <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • Greater complexity in the chain of command/staff will have 2 managers to report to (generally department manager and project manager). This can lead to divided loyalties and there could be a conflict of interest between both. • Staff conflict/power struggles – staff may resist working outside of their own departments. /Staff may dislike working outside their comfort zones /Staff may view new ideas of others from other departments as a threat and there may be internal conflict/may be difficult for the project manager to manage staff from different departments. • Increased intrapreneurship/Greater innovation/ encourages a democratic leadership style. Employees from different departments working together generates new ideas for the business. /Different expertise and perspectives are brought to the project which encourages employees to be enterprising/ Teamwork is encouraged. 	<p>10</p> <p>(3+3) + (2+2)</p>
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- **Better staff relations.** Staff may enjoy working with people from different departments. This could improve morale in the business and improve relations between different departments/increased productivity/faster decision making.
- **Greater staff flexibility** in their attitudes and approach to the business/more openness to change in work practices.

3 (2015)

1

Explain the term *span of control* and outline a situation where a narrow span of control may be appropriate.

10

Span of Control refers to the number of people / subordinates that report directly to one manager/ supervisor in a hierarchy.

A narrow span of control would be more appropriate when the work involved requires a high level of expertise/ where nature of work is complex/ workers or management lack experience etc.

4 (2012)

- It is a team based structure with expertise drawn from different departments e.g. marketing, finance, information technology, production etc.
- Team members are answerable to the project leader who is responsible for co-ordinating team effort and ensuring task completion.
- It is generally set up to carry out specific projects such as product development.
- All team members have an input into decision making/problem solving.
- Team can achieve greater output/productivity (synergy).
- Each employee can have two managers, the project manager and the functional manager which could lead to confusion and conflict.
- Highly specialised employees and equipment are shared by departments.

5 (2011)

Question 4

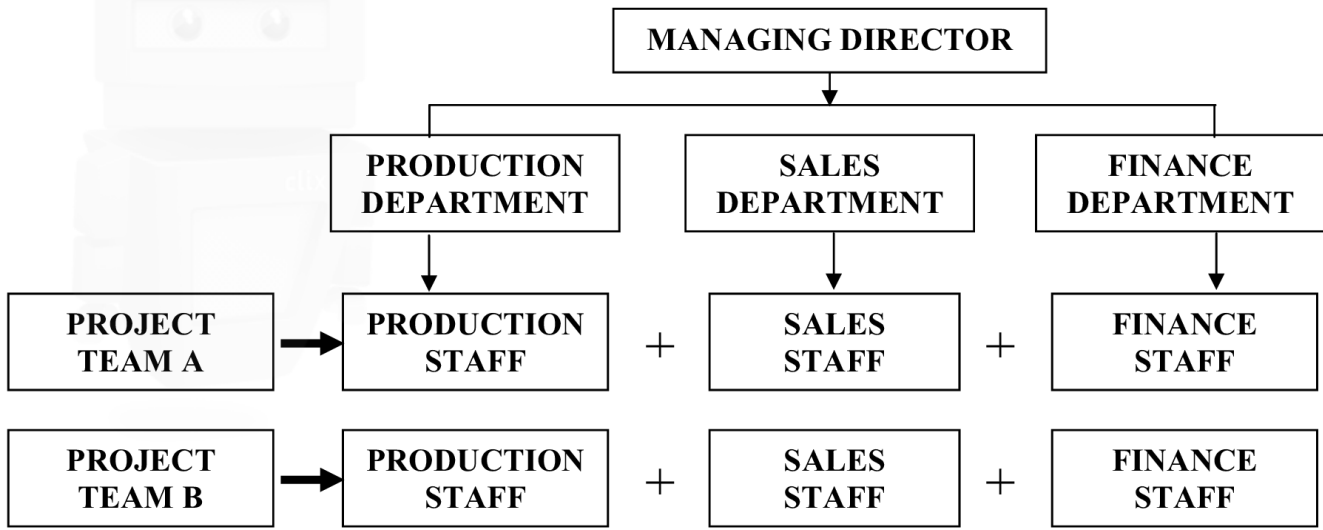
(a) Explain the term 'span of control'

It refers to the **number of people / subordinates that report directly to one manager/ supervisor** in a hierarchy.

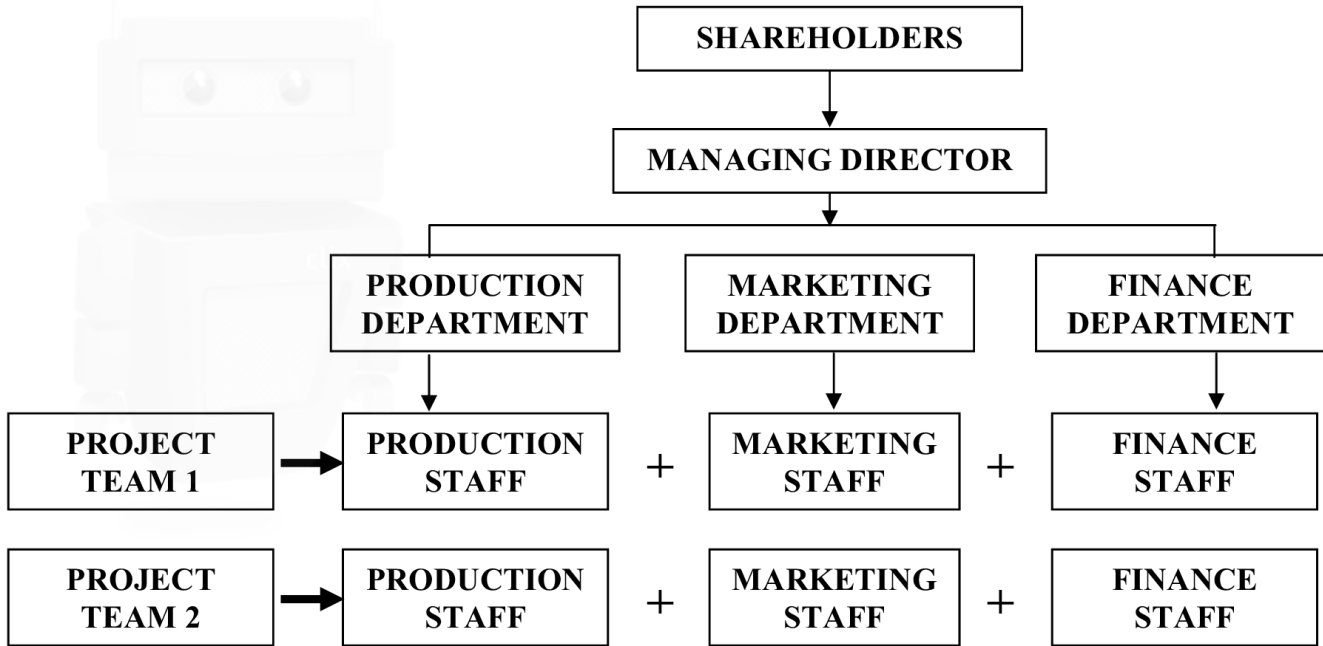
(b) Outline **two** factors that affect the width of the span of control in a business.

1. **Skill of manager/management style:** An experienced, confident and able manager can operate a wide span of control.
2. **Skill of the workforce:** When employees are trusted because of their skill sets and motivation, a wide span of control may operate.
3. **The nature of the work/type of product or service:** When the work involved is repetitive, requiring little responsibility, decision-making or skill, a wide span of control is appropriate. If the work involved requires a high level of expertise a narrow span of control is appropriate.

4. Matrix structure for a manufacturing organisation (draft and label):



4. Matrix structure (draft and label)



4 | 2 + 2 + 6 at 1 mark

4. Organisation Structure

		Board of Directors		
		Managing Director		
Research and IT Scientists	Production Engineers	Finance Accountants	Marketing Sales Personnel	Human Relations Administrators

3 | 5 at 2 marks

3 Organisation Structure

Example: Functional

Chief Executive

Research & Dev. Human Resources Manufacturing Finance Sales

Product A, B etc

Area A, B etc

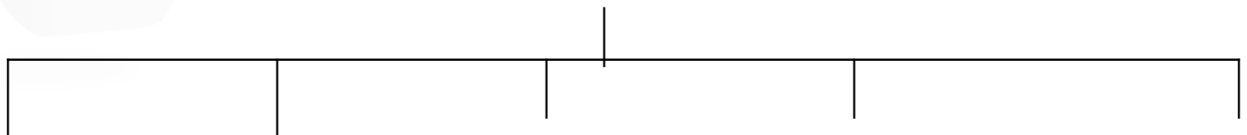
10 (2002)

4. Span of Control

A span of control is the number of subordinates who are delegated authority and report to the delegator ie. to the supervisor or manager. By simply counting the number of subordinates reporting directly to a supervisor the size of the span of control is worked out. Typical = Line, Line and Staff, Matrix etc.

Chart of Span of Control of a business producing games software

			Manager					
	Supervisor				Supervisor			
Programmer	Programmer	Programmer		Programmer	Programmer	Programmer		



11 (2013)

(B) Outline the benefits and challenges for EducaPrint Ltd of a matrix organisational structure (team structure) for the development of the eBook products.

Benefits

- It is a team based structure with **expertise drawn from different departments** e.g. marketing, finance, information technology, production. This greater interaction across departments will lead to greater understanding of individual departments by team members.
- All team members have an **input into decision making and problem solving** which allows for greater output and productivity (synergy). New ideas will evolve and better decisions will be made.
- A matrix structure is generally set up in business to carry out **specific projects** such as product development within an R&D context. This would be congruent with the development of the eBook products by EducaPrint Ltd.
- Team members have the support of a **project leader** who is responsible for co-ordinating team effort and ensuring task completion e.g. ensuring the availability of highly specialised employees and equipment for the team.
- Employees should experience **greater job satisfaction** as all members' efforts are taken into account. They are better motivated as participation in teams satisfies the social needs of employees (Maslow's Theory on Motivation). Staff morale improves.

Challenges

- Each employee can have **two managers**, the project manager and the functional manager which could lead to confusion and conflict.
- Employee's communications skills and interpersonal skills will need to improve as they are working in a group and dealing with different personalities.
- Successful teams progress through the team development stages of forming, storming, norming and performing. During the storming stage conflict and personality clashes may occur which could lead to industrial relations problems.
- **Decision making may be slow** because getting the agreement of the team during consultation stage may take some time. This matrix organisational structure may not be appropriate in a crisis or emergency situation where tough decisions may have to be made quickly e.g. turning around a business, which is facing insolvency.

(C) Discuss the importance of the management activity of planning for EducaPrint Ltd.

- Planning is the setting out of **specific goals and objectives** for the business; it involves the putting in place of **strategies** that allow you to achieve the stated goals and objectives. Planning ensures that EducaPrint Ltd considers its future and how it will achieve continued success.
- Planning gives EducaPrint Ltd purpose and direction and **reduces risk** and uncertainty.
- **SWOT analysis** is an initial step in the planning process. The aim of EducaPrint Ltd is to play to its strengths and opportunities while seeking to minimise the impact of weaknesses and threats.
- **Mission Statement:** This is a visionary statement outlining who the business is, what the business does and where the business is going e.g. EducaPrint Ltd is a business publishing schoolbooks and eBooks in Ireland. The mission statement would give an insight to the stakeholders into the core values and culture of EducaPrint Ltd.
- **Strategic Planning:** This is long term planning covering a period of five years or more. It is usually drawn up by senior management and it outlines how the long-term goals of the firm are to be achieved e.g. EducaPrint Ltd may decide to expand its successful business model into the UK publishing market.
- **Tactical Planning:** This is short-term planning which breaks the strategic plan into shorter more manageable periods. It deals with the 'now' part of the plan. It is usually drawn up by middle management e.g. EducaPrint Ltd might attempt to target a new group of customers next year.
- **Contingency Planning:** This is back-up planning to cope with emergencies/ unforeseen events and unexpected circumstances. Contingency plans benefit EducaPrint Ltd by preventing disruptions to business and thereby preventing loss of profits and possible business collapse e.g. EducaPrint Ltd may have alternative suppliers of paper available for its traditional print books.

(A) Management activities (discuss)

Planning involves selecting organisational goals or objectives and seeking out ways to achieve them. Plans reduce risk and uncertainty and give an organisation purpose and direction. These may include:

- Mission Statement
- Strategic plans
- Tactical plans, etc.

Possible links to text include:

Ruth's aim is to become a market leader

Market share and turnover low - penetrate the market by a further 50% within next five years

Organising involves getting things done through some form of organised structure so that a business, with its activities coordinated, has the best chance of reaching its objectives.

Possible structures are line organisation, line and staff organisation and matrix structure.

Possible links to text could include:

Introduce clearly defined lines of responsibility for staff in the areas of purchasing, sales/marketing

Retraining programme for existing staff

Controlling involves measuring the deviations from planned performance and taking action to correct them.

Elements in a business requiring control include:

Quality control, Stock (Inventory) control, Credit control, Budgetary control.

Possible links to text could include:

Expertise of staff – quality, stock, credit, budget

Rewards for achieving targets

- (B) (i) Illustrate, by means of a diagram, a functional organisation structure for a manufacturing business such as Good4U.

Question			Possible Responses	Max Mark
4	B	(i)	<pre> graph TD MD[Managing Director] --> PD[Production Department] MD --> FD[Finance Department] MD --> MDpt[Marketing Department] PD --> PE[Production Employees] FD --> FE[Finance Employees] MDpt --> ME[Marketing Employees] </pre>	10 3,3,2,2

- (ii) Outline the benefits of a functional organisational structure.

Question			Possible Responses	Max Mark
4	B	(ii)	<p>Clear Chain of Command</p> <ul style="list-style-type: none"> • Staff have clear lines of authority in a functional structure. • Staff know who reports to who <p>In a functional structure there is a person in charge of each department, which improves coordination, as employees know what is expected of them and when.</p> <p>Specialisation/ Shared skills and expertise</p> <ul style="list-style-type: none"> • Employees from similar disciplines, i.e. all engineers working together brings expertise together. Employees can learn from each other and become more highly skilled. • This benefits the productivity in the business and aids staff development. <p>Better decision making</p> <ul style="list-style-type: none"> • Staff can consult with experienced colleagues. There are varying levels of skills and expertise in each department. • This allows staff make the most informed decision which leads to better results. 	10 2@5(2+3)

(B)	<p>Evaluate how different types of planning contribute to business success. Relate your answer to Mayfair Hotel, making any appropriate assumptions.</p> <p>(Corporate) Strategic Planning is long term planning usually for a period of up to 5 years. It provides a guide or framework as to where the business/hotel will be in the long run. Strategic plans are usually devised by senior management to ensure the long term profitability and ultimate existence of the business. A strategic plan may be to grow market share by 20% over the next 5 years/to increase profitability by 10%/to enter the UK market.</p> <p><i>Mayfair hotel may have long-term plans such as increasing their market share, becoming a market leader. These plans will allow the business to grow into possible new areas such as business conferences (providing latest video and audio conferencing facilities), weddings/banqueting, Spa and fitness centre and Leisure Club etc. It will help them to increase profits as developing new facilities will allow them to charge higher prices or have an entirely new source of revenue.</i></p> <p>(Functional) Tactical Planning is short term planning, usually one to two year plans, which is essential to achieve the business' strategic or long term plans. The plans are a break-down of the strategic plans into a set of action items/tactics to help management achieve a number of objectives/goals in the short to medium term.</p> <p><i>The staff could conduct market research into the possibility of expanding into the conference/banqueting market. If the research is found to be positive the hotel may move ahead with its plan to build a conference centre.</i></p> <p>OR</p> <p>Operational Planning could involve planning for daily, weekly activities such as timetabling, holiday rosters etc.</p> <p><i>The Mayfair Hotel will have operational plans in place for all the various departments in the hotel such as the Kitchen, Cleaning Department, Accommodation, Reception etc. All staff are aware of</i></p>	20 marks
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	<p><i>what needs to be done on a daily and weekly basis, ensuring that guests are well looked after and the hotel runs smoothly.</i></p> <p>Manpower planning- this would involve having the right people with the right skills in the right place throughout the business. It involves doing a human resource audit and estimating future human resource needs.</p> <p><i>The Mayfair may require contract/temporary staff at certain busy periods or for specific events such as conferences and weddings or specific events relating to the centenary celebrations.</i></p> <p>Contingency Planning – plan that is used as a back-up plan or for emergency situations. They prevent disruptions in business and thereby may prevent loss of profits and ultimate closure of business.</p> <p><i>The Mayfair may have contingency plans for various emergency situations which may occur at the hotel, such as closing certain wings of the hotel/shortage of essential supplies / may have a back-up plan for power in the form of a stand by generator.</i></p> <p>Mission Statement is a visionary statement outlining the overall purpose of the business and where it is going. The mission statement would give an insight to the stakeholders into the core values and culture of the Mayfair Hotel.</p> <p><i>The Mayfair hotel may branch out/extend into a new area of business which would be reflected in its mission statement.</i></p> <p>Cash Flow Forecasting.</p> <p>Evaluation *****</p>	
(C)	<p>Discuss the benefits and challenges of developing a matrix organisation structure (team structure) to complete specific projects in a business.</p> <p>Possible responses include:</p> <p>Benefits Personnel from various different departments bring new ideas/ new ways of thinking to the project (innovation).</p> <p>Improves relationships within the team – improved communication.</p>	20 marks

A **co-ordinated approach** to problem solving can be achieved due to the existence of a team/project leader/Team members have the support of a project leader who is responsible for co-ordinating team effort and ensuring task completion.

Shared skills and expertise – employees can **learn new skills** from each other/professional development/improved motivation for employees.

Responsibility is shared – although team leader is appointed to control the project the entire team shares responsibility of task/all team members have an input into decision making and problem solving.

Challenges

Teams can be a **talking shop – all talk no action/** Certain people in the project team may dominate the task/**only one voice is heard.**

Team development goes through **stages** of forming, storming, norming and performing/ Decision making may be slow as getting agreement at consultation stage could take time/all opinions considered which may slow down the process.

Can be **difficult to co-ordinate** employees from different areas/being answerable to two different managers could lead to confusion and conflict/clash of loyalty between their own department and the project team.

Can be **conflicting pull on resources.** Member from the sales team may be unwilling to agree extra funding for the production department etc.

15 (2015)

Due to specialisation, where each department is concentrating exclusively on one function such as marketing, production, sales or finance, employees and management build up high levels of skill and expertise through repetition and practice.

This leads to efficiencies as tasks get done quickly and to a high standard.

The chain of command and line of authority is clear. Clear lines of authority exist and employees know who to report to. There is a person in charge of each department which improves co-ordination and motivation, as employees know what is expected of them and when.

There is accountability as someone is responsible for each section.

There are clear communication channels. The structure helps create a clear communication line between the top and bottom of the business. Instructions flow downward from top management along the chain of command and information is communicated upward. It may result in important information being communicated quickly leading to quicker decision-making.

Functional Organisational Structures allow for a wide span of control. There are economies of scale as resources are used efficiently with no duplication of resources. The wide span of control releases top management from micromanaging operations, so that they can focus on the overall strategy of the business.

Promotional Paths: Visible hierarchical ladder, providing career paths for employees/ provides scope for the promotion to the next level so businesses can promote from within etc.

16 (2010)

(C) Discuss the benefits of a functional organisational structure in a business. Refer to the “Chain of command” and “Span of Control” in our answer.

In the functional organisation, each job/function becomes the focus point. Similar function-based jobs done by the employees are put together (responsibilities divided according to functions). Specialisation is centralised in each functional area and employees who are doing these specialised jobs are clustered together.

The functional areas will have personnel with varied skills, but those skills are grouped on their similarities. The people who have identical skills can be grouped easily and they can be placed in separate units. All sales people are grouped together, all production people likewise etc. Tasks are carried out more efficiently as assignments are consistent with training of each individual in his/her unit.

Employees tend to learn from each other and support each other since those with the same set of skills are grouped together.

The chain of command is linear. The chain of command is the line/path on which orders/instructions and decisions are passed down from top to bottom of the hierarchy and feedback is passed back up. There is a clear structure to the organisation and clear lines of authority exist. This improves co-ordination and motivation since employees know what is expected of them and when. There is accountability as someone is responsible for each section. **Instructions flow downward** along the chain of command and **accountability flows upward**. This releases top management from micromanaging operations, so that they can focus on the overall strategy of the business. It helps create a clear communication line between the top and bottom of the business. Specialisation is centralised in each functional area, thereby building up skills and expertise. Employees tend to learn from each other and give support to each other.

A span of control is the number of people who report directly to one manager in a hierarchy. The span may be **wide or narrow**. Its size depends on a number of factors, including the type/difficulty of the work, the quality of both the manager and staff, the service being provided, the type of product being made – products which are easy to make or deliver will need less supervision and so can have a wider span of control. The more people there are under the control of one manager, the wider the span of control. Less means a narrower span of control. It is up to each individual manager to delegate work to their subordinates in the span. Functional Organisational Structures allow for a **wide span of control**. There are “economies of scale” as **resources are used efficiently**/no duplication of resources.

(B) Two reasons why a business enterprise might change its organisational structure.

Business organisations change their structure over time to adapt to changing circumstances and market demands. The plans that the owners may have for the organisation far into the future and the vision of where the organisation wants to be, can be facilitated by choosing the most appropriate organisation structure to meet those objectives.

Size.

The business enterprise may wish to grow larger. With size comes the burden of extra specialisation where one individual simply cannot do all things and more people and expertise are needed, e.g. specialists in finance, marketing, production, etc. The move from a sole trader to a private limited company may be suitable for this purpose.

Limited Liability.

The desire for the protection of limited liability is another reason for changing structure. A business person wishes to protect family members, etc. from business risks and ensure a secure future for them. Personal assets must be protected to do this.

Finance

If more capital is needed for the development of the business, then a move from being a co-operative or a private limited company to being a public limited company might be necessary.

Marketing.

The expansion of markets may be better served by joining a business alliance with another enterprise, either abroad or in Ireland, e.g. for the distribution of the firm's goods.

Opportunity.

A new business opportunity, the opportunity to diversify into another line of business or enhance the existing businesses products may offer itself in the form of a franchise or an agency agreement.

Privatisation.

The state may wish to free itself of business that can be owned and managed successfully by the private sector. It could therefore change its state owned enterprise into a public limited company to enable the sale to take place effectively and offer the opportunity to the public to invest and become the new owners.

Examples of the changing trends in ownership and structure include:

The Growth of Producer Co-Operatives in Ireland. The producer co-operatives are found mainly in the agricultural sector. The successful marketing of Irish food products abroad resulted in their expansion. They have grown with the expansion in the industry and have shared the benefits of EU membership with the agri-sector in general.

Some producer co-operatives in the agricultural sector have become public limited companies like Kerry Foods PLC, Avonmore Waterford Foods PLC. They 'went public' on the Irish Stock Exchange mainly because very large amounts of finance could be raised quickly on the stock exchange by the issue of shares to the public. The PLC structure is also put to good use in arranging and financing growth through acquisition.

The move by the co-operatives to the public company model reduced their dependency on debt as a source of finance with its resultant high gearing. It restored a healthy debt/equity ratio to the organisations and thus attracted investors because of better profit possibilities and laid the basis and foundation for healthy growth.

Alliances and joint ventures have been formed with other big food producers in the EU with a view to exploiting market opportunities in the wider European and world markets. Irish food products are marketed and sold not only in the accessible EU markets but in many other third countries where food products are needed, e.g. North African and Asian markets.

Question 4 (A) Define and illustrate the importance of good organisation.

Organising means building a structure in an organisation so that its activities are coordinated and its objectives are achieved. Possible structures are line organisation, line and staff organisation and matrix structure. The formal structure of an organisation is the agreed method by which it is organised.

Organising involves getting things done through some form of planned structure.

Successful organisations give themselves a structure within which they organise themselves. Somebody must take the responsibility for completing the many jobs to be done. A structure that meets the needs of the people in the organisation is the best one.

An 'organisation chart' shows how an organisation expects to get things done. The structure will therefore start with those people who are in charge of discrete areas or functions. Moving downwards from these heads of departments to each lower level of responsibility are subordinates, who may themselves have other subordinates further down the authority chain.

Line Organisation. An organisation that is divided into departments made up of line activities ie. activities essential for the survival of the organisation eg. Finance, Production, Sales, Research and Development. A line org. is easy to understand, responsibilities are well defined, there are few communications problems and employees can see the value of their contribution.

Line and Staff Organisation. Where a staff function is added on to the existing line activities. New departments are created which have specialist expertise to help the line departments function more effectively. The work of the staff functions is mainly an advisory and support role, e.g. HRM, ICT, Legal, Distribution, that cut across other departments.

Matrix Organisation (Project team structure). This is a team based approach to problem solving. The emphasis is on joining together many disciplines in the interest of completing the project. A highly coordinated approach to problem solving eg. areas of new product development or major construction jobs where many experts are required and whose work must be co-ordinated. A team leader controls the project and efficiency is promoted, thus reducing costs. It allows for good professional development of managers because of the wide responsibility of the work.

(C) Organising

- The formal structure of an organisation is the agreed method by which its activities are co-ordinated so that it has the best chance of reaching its objectives. Organising involves getting things done through some form of organised structure.
- Successful organisations give themselves a structure within which they organise themselves. Somebody must take the responsibility for completing the many jobs to be done. A structure that meets the needs of the people in the organisation is the best one.
- An 'organisation chart' shows how an organisation expects to get things done. The structure will therefore start with those people who are in charge, Moving downwards from these heads of departments to each lower level of responsibility are subordinates, who may themselves have other subordinates answering to them.

- **Line Organisation**

An organisation that is divided into departments made up of line activities ie. activities are essential for the survival of the organisation eg. Finance Production, Sales and Research and Development departments. A line organisation is easy to understand, responsibilities are well defined, there are few communications problems and employees can see the value of their contribution.

- **Line and Staff Organisation**

This is where a staff function is added onto the existing line activities. New departments are created which have specialist expertise to help the line departments to function more effectively. The work of the staff functions is mainly in an advisory and support role, e.g. HRM, ICT, Legal and Distribution, which cut across other departments.

- **Matrix Organisation (Project team structure)**

This is a team based approach to problem solving. The emphasis is on joining together many disciplines in the interest of completing the project. A highly co-ordinated approach to problem solving eg. areas of new product development or major construction jobs where many experts are required and where their work must be co-ordinated. A team leader controls the project and project time is cut, thus reducing costs. It allows for good professional development of managers because of the wide responsibility of work.

