
Chapter 12

Management Activity - Organising

Higher Level

Past Exam notes (For this chapter)

ORGANISING

Organising ^{Def} This Means bringing people and resources together to achieve a common objective.

It's important because it -

1. Identifies work to be done.
2. Creates a suitable organisation structure.
3. Identify who will do what task
4. Maintain a clear chain of command.

TYPES OF ORGANISATION STRUCTURES

Organising Structures ^{Def} This means identifying the different departments and management functions in an organisation.

There are 4 different types of organisation structure that a company can choose from. These are

1. Functional
2. Product
3. Geographic
4. Matrix

NOTE - Be able to draw each organisational structure

FUNCTIONAL

Functional structure ^{Def} This divides a business according to management functions at senior, middle management and junior levels. It is the simplest organisation chart.

Past Exam Questions
2020 Q4 B (i)

1. There are different layers of management in this chart: top, middle, and junior management.
2. It indicates where authority and responsibility have been delegated.
3. It illustrates the chain of command, i.e., who is answerable to whom.

4. It shows the managing director's span of control (the number of people reporting directly to a manager).

ADVANTAGES AND DISADVANTAGES

Advantages (Benefits)	Disadvantages (Drawback)
<p>1. Shares skills and expertise - Employees from similar disciplines 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>	<p>1. Employees get focus on own department goals and not the overall business mission</p>
<p>2. Provides clear chain of command - Staff have clear lines of authority in a functional structure. They know who reports to who and who is in there is a charge of each department. This improves coordination, as employees know what is expected of them and when.</p>	<p>2. Communications between departments can be slow</p>
<p>3. Better decision making - 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.</p>	
<p>4. 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</p>	

important information being communicated quickly leading to quicker decision-making.		
5. Promotional Paths - There is a Visible hierarchical ladder, providing career paths for employees. This provides scope for the promotion to the next level so businesses can promote from within	<table border="1"> <tr> <td> <p><u>Past Exam Questions</u> 2020 Q4 B (ii) 2015 Q4 B</p> </td> </tr> </table>	<p><u>Past Exam Questions</u> 2020 Q4 B (ii) 2015 Q4 B</p>
<p><u>Past Exam Questions</u> 2020 Q4 B (ii) 2015 Q4 B</p>		

PRODUCT ORGANISATIONAL

Product structure

^{Def} This organises a business on the basis of the product it makes.

^{Ea} as its own set of specialist management functions.

ADVANTAGES AND DISADVANTAGES

Advantages	Disadvantages
1. Improves communication	1. Duplication of resources
2. Allows business to adapt different product and meet customers' needs	2. Wasteful competition for the same customer between different products
3. Allows each division to focus on its own customers	

GEOGRAPHICAL STRUCTURE

Geographical Structure

^{Def} This is where the organisation is divided according to the geographical markets it serves.

ADVANTAGES AND DISADVANTAGES

Advantages	Disadvantages
1. Staff are able to meet local needs	1. Duplication of resources
2. Encourages healthy competition	

MATRIX TEAM BASED

Matrix structure

^{Def} This is when staff are brought together into teams to achieve a clearly stated team goals - launching a new product. Teams are made up of staff with skills in different specialist areas.

Past Exam Questions
2016 Q4 C
2013 Q4 B
2012 Short Question 5

CHARACTERISTIC AND FEATURES OF A MATRIX STRUCTURE

The main characteristics (Features) of a matrix structure are -

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

ADVANTAGES AND DISADVANTAGES

Advantages (Benefits)	Disadvantages (Challenges)
1. Increases Innovation - Personnel from different departments bring new ideas and expertise to the project	1. Teams can be a talking shop - all talk no action. Certain people in the project team may dominate and only one voice is heard.
2. Greater job satisfaction - efforts are taken into account. Employees are motivated as participation in teams satisfies the social needs of employees (Maslow's Theory on Motivation). Staff morale improves.	2. 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 especially the storming stage

3. A co-ordinated approach - to problem solving can be achieved due to the existence a team leader. Team members have the support of the leader who is responsible for co-ordinating team effort and ensuring task completion	3. Can be difficult to co-ordinate employees from different areas. There can be confusion as the employee is answerable to two different managers. There may also be clash of loyalty between their own department and the project team.
4. Shared skills and expertise - employees can learn new skills from each and this can lead to improved motivation for employees.	4. Can be conflicting pull-on resources. Members from the sales team may be unwilling to agree extra funding for the production department
5. Responsibility is shared - A team leader is appointed to control the project but the team shares responsibility of the task. All team members have an input into decision making and problem solving.	5. Each employee can have two managers, the project manager and the functional manager which could lead to confusion and conflict.

BENEFITS AND CHALLENGES OF A MATRIX STRUCUTE WHEN DEVELOPING PRODUCTS

Advantages (Benefits)	Disadvantages (Challenges)
1. Coordination: It is a team-based structure with expertise drawn from different departments, This greater interaction across departments will lead to greater understanding of individual departments	1. Two Bosses: Each employee can have two managers, the project manager and the functional manager, which could lead to confusion and conflict.
2. Improved Decision-making: All team members have 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	2. Training: Employee's communications skills and interpersonal skills will need to improve as they are working in a group and dealing with different personalities

<p>3. Product Development: 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 products by Apple</p>	<p>3. Conflict: 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.</p>
<p>4. Improved Moral: 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 - Staff morale improves.</p> <div data-bbox="220 907 528 992" style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Past Exam Questions 2023 5 B</p> </div>	<p>4. Decision making: Decision making may be slow because getting the agreement of the team during the 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.</p>

IMPLICATIONS OF CHANGING FROM A FUNCTIONAL TO A MATRIX ORGANISATION STRUCTURE.

1. Training/Staff Development required - Training costs involved for manager and staff which takes time to complete. This can result in productivity decline in the short term as staff are training.

Past Exam Questions
2018 Short Question 2

Staff development may result as employees have greater knowledge and learn how the whole business operates. This can result in flexible and multi-skilled staff.
2. 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.
3. Staff conflict/power struggles - staff may resist working outside of their own departments and their comfort zones. They may view new ideas of others from other departments as a threat and there may be internal conflict. This may be difficult for the project manager to manage staff from different departments.
4. Increased intrapreneurship and Greater innovation - 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.

5. **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 and faster decision making.
6. **Greater staff flexibility** in their attitudes and approach to the business. There is more openness to change in work practices.

WHAT IS THE PURPOSE OF AN ORGANISATION CHART?

Organisational Chart

Def These are diagrams that visually communicate the type of organisation structure, the chain of command and the span of control in an organisation.

Chain of Command

Def This is how decision flow from the top of an organisational down through the layers to the bottom.

The shorter the chain of command the more effective the communication is. This is because there are less layers for the communication to travel through and less likely of it getting changed.

The Span of Control

Def Span of Control refers to the **number of employees** or subordinates that **report directly to one manager** or supervisor in a hierarchy in a business

Past Exam Questions
2015 Short Question 1
2011 Short Question 4

Wide Span of Control

A wide span of control means that the manager has a lot of workers (Subordinates) reporting to him. This gives less layers in the company and more effective communication. It is usually used when employees don't need a lot of supervision and do repetitive work

Past Exam Questions
2019 Short Question 6

Problem with a wide span of control

1. **Errors made because of a lack of supervision** - Mistakes may occur as managers cannot adequately supervise employees resulting in employees making decisions they are not trained to make.

2. Poor morale - There is less personal contact with employees as they lack guidance and become frustrated.
3. Management Burnout - The manager may become overwhelmed due to work overload resulting in poor decision making. The manager may make snap decisions and have less time for planning and more managerial tasks

Factors that affect the width of the span of control in a business.

Past Exam Questions
2011 Short Question 4

1. Skill of manager/management style - An experienced, confident and able manager can operate a wide span of control. This is because they have the experience and skills to manage a lot of employees
2. Skill of the workforce - When employees are trusted because of their skill sets and motivation, a wide span of control may operate. This means there will be less errors made due to lack of supervision
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.

Narrow Span of Control

Past Exam Questions
2015 Short Question 1

A Narrow span of control means that the manager has few workers (Subordinates) reporting to him. This gives more layers in the company and less effective communication.

For Example - A narrow span of control would be more appropriate when the work involved requires a high level of expertise and where workers or management lack experience

Factors that affect the width of the span of control

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.

De-layering

Def This refers to the reduction in the number of layers in the management structure of the organisation.

Advantages (Benefits)	Disadvantages (Drawbacks)
1. It simplifies the structure.	1. Senior managers have to deal with a wider span of control and an increased workload. This may cause stress.
2. It increases the speed and accuracy of internal communication, which means the organisation can respond more rapidly to change.	2. Managers' jobs may be lost through redundancies, and this may lead to industrial relations problems.
3. De-layering gives more power to subordinates. This increase in responsibility can release creativity and initiative.	3. Control becomes more difficult as the span of control increase.
4. It reduces the total wage bill paid to managers.	

FACTORS THAT INFLUENCE THE CHOICE OF ORGANISATION STRUCTURE

Every company must choose a structure that meets their own goals. These structures change over time but should be

1. Specialisation - The organisation structures help the employees' become experts in the business - Marketing Department. This will help improve customer service and productivity in the business. For example, Functional Structure
2. Allow easy communication - It shoes a clear span of control and chain of command. Use a narrow span of control (important jobs, tight control). Use a wide span of control - to encourage staff empowerment, intrapreneurship and creativity
3. Intrapreneurship - A matrix structure can help develop new products and costing saving for the business. This can help to increase sales and reduce business costs

4. Demand - It can help satisfy customer needs as it allows the business to react quickly to consumer change in taste. This will result in customer loyalty and an increase in business sales - Product structure.

WHY IS ORGANISING IMPORTANT

Organisation is important because of the following -

1. Creates a suitable organising structure.
2. Establishes a chain of command - This ensures that everyone knows who to report to. This ensure that issues are solved as quickly as possible
3. Smooth flow of communication - IT encourages better communication in the business. Both downward, upward and horizontal between managers and employees
4. Management workload - It is clear to see the span of control and how may employees report to the manager. This result in less stress for the manager as work is delegated to employees
5. Employee Motivation - Organisational structure show a clear promotion path. This motivates them to work to the more efficiently so they may be in line for a promotion

WHY A BUSINESS ENTERPRISE MIGHT CHANGE ITS ORGANISATIONAL STRUCTURE.

1. 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. The move from a sole trader to a private limited company may be suitable for this purpose.

2. Limited Liability.

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

3. 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.

4. Marketing.

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

5. 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.

6. 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.

Chapter 11

Unit 3 - Managing 1

Management Activity - Organising

Past Exam Questions (For this chapter)

SHORT QUESTION**2023 - Question 5**

Draft and label a functional organisational chart for a manufacturing firm

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Outline one impact of choosing this type of organisation structure

2019 - Question 6

Outline two problems which could arise in a business which has too wide a span of control

(i)
(ii)

2018 - Question 2

Outline two implications for a business of changing from a functional to a matrix organisation structure.

(i)

(ii)

2015 - Question 1

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

2012 - Question 5

Outline two features of a matrix organisation structure

(i)

(ii)

2011 - Question 4

(a) Explain the term 'span of control'.

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

(i)
(ii)

LONG QUESTIONS**2023 - Question 5 (Deferred)**

- (B) Evaluate the benefits and challenges for a business of operating a matrix organisational structure when developing its products. (25)

2020 - Question 4

Read the information supplied and answer the questions which follow.

Good4U

Good4U is a family run health snacks business based in Sligo. In 2004 the business's original product was a sprouted seed. The Good4U goal was to become a market leader in the healthy snacks industry. The business now has over 40 products, including seed snacks and energy balls. Good4U recently launched a new salad topper range.

- (B) (i) Illustrate, by means of a diagram, a functional organisational structure for a manufacturing business such as Good4U
- (ii) Outline the benefits of a functional organisational structure. (20)

2016 - Question 4

- (C) Discuss the benefits and challenges for a business of developing a matrix organisation structure (team structure) to complete specific projects in a business. (20)

2015 - Question 4

- (B) Outline the benefits to a business of a functional organisational structure. (15)

2013 - Question 4

- (B) Outline the benefits and challenges for EducaPrint Ltd of a matrix organisation structure (team structure) for the development of the eBook products. (20)