


Lesson 5

Organization

Subject: Business I

Professor: Rocío Cortés Grao

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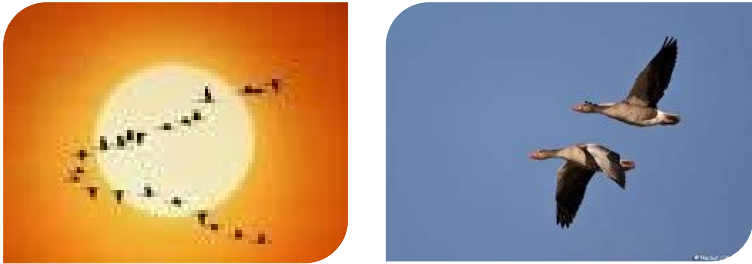


- Introduction to Organization 1
- Organization 2**
- Organizational Unit 3
- Departmentalization 4
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1 Introduction to Organization

A good organization has people who know how to
Work as a Team



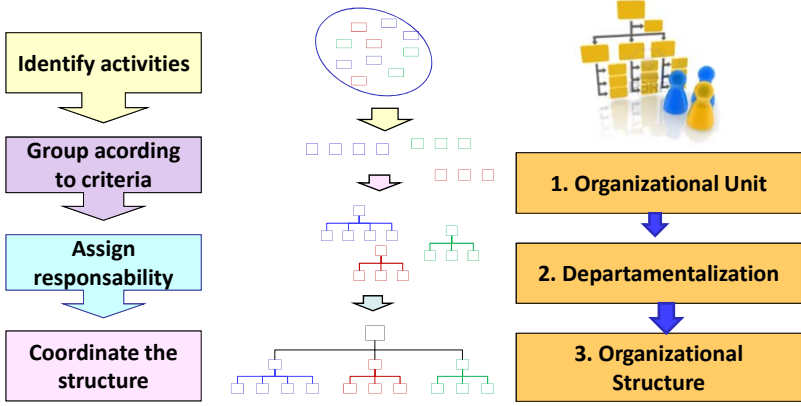
With the team work there can be achieved goals that
one couldn't achieve by itself

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2 Organization

What is **Organization**?

"The process by which the management of a company once plans has been made, **combine** the human and material **resources** in order to establish a **formal structure of tasks and authority**."



Identify activities

Group according to criteria


Assign responsibility

Coordinate the structure

1. Organizational Unit

2. Departmentalization

3. Organizational Structure



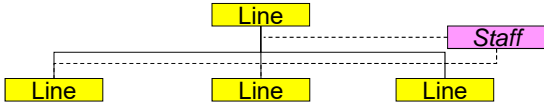
3 Organizational Unit

What is?


- ✓ Composed **by one or more people** that perform a series of specific **tasks** in a joint manner **supervised** by a manager.
- ✓ Elements that **make up an organizational structure**.
(Examples: *section, department, division, ...*)

Types of Organizational Units.

- **Line O. U.:** They carry out the key tasks in management. They make a direct contribution to the achievement of main objectives. Eg.: Design, Sales, Production,
- **Staff O.U.:** They give support to the line units. They are not part of the hierarchical lines. There are two types:
 - Those **contributing directly** to the preparation, planning or carrying out of the main activity (eg.: Quality control).
 - Those **providing internal services** (eg.: Legal advisory office, Maintenance)



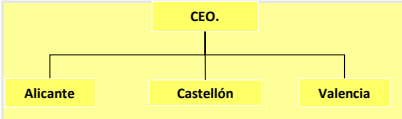
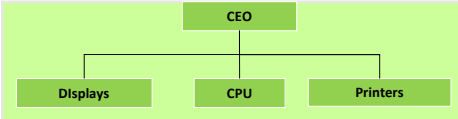
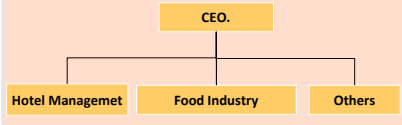
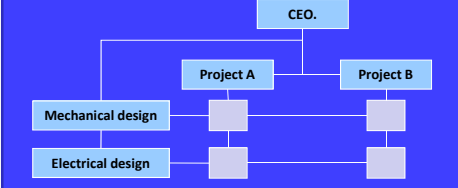
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4 Departmentalization


The group up of organizational units according to certain criteria: functional, geographic, ...

Types of departmentalization

Geographical	By Goods or Services
	
By Clients	Matrix-based or by projects
	

They types can be combined with one another.

4 Departmentalization



Types of departmentalization

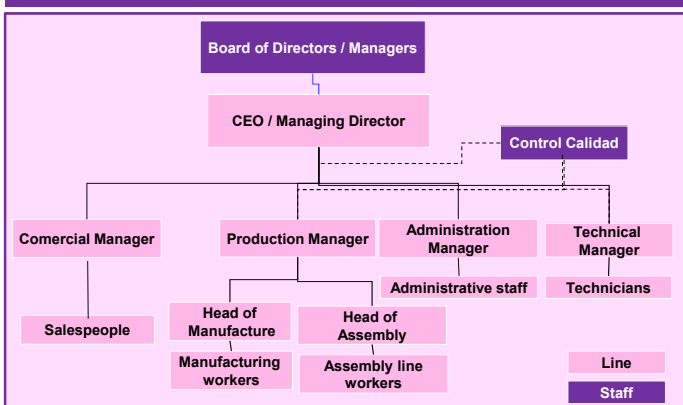
Advantages:

- ◆ The most widespread and verified type.
- ◆ It promotes specialization.


Disadvantages:

- ◆ It can be detrimental for the achievement of the business' global objectives if departments prevail over the whole.
- ◆ It requires a higher degree of coordination.
- ◆ Not very appropriate for businesses with broad territorial spreading (geographical dep. recommended) or very diversified (dep. by products recommended).

Funtional



5 Organizational Structure




✓ Set of **rules, regulations and procedures** governing the flow of authority, communication and work linking subsystems of the organization.

✓ **Means** by which any organization uses to **achieve its objectives effectively**.

Types of Organizational Structure


Formal




Management willing

Spontaneous socio-emotional relationships and unforeseen

Informal




5 Organizational Structure




Dimensions of the Organizational Structure

These are **variables** that determine the **organizational structure** of the company

Formalization		a) Degree in which activities are divided into specialized tasks (eg.: assembly line).
Standardization		b) Definition degree of tasks through rules, procedures, standards, etc.
Centralization		c) Degree to which the rules, procedures and communications are written.
Specialization		d) Degree to which the authority is concentrated and gives greater or lesser autonomy in decision-making (eg. : that the design changes may or may not make an engineer of a subsidiary plant).

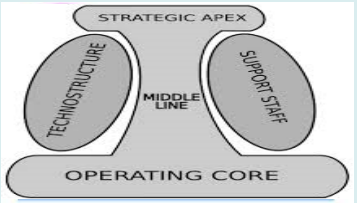
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5 Organizational Structure



Types of Organizational Structures: Henry Mintzberg Model

Essential components of the organization



- **Strategic Apex:** senior management.
- **Middle Line:** middle management.
- **Core operating:** basic work.
- **Techno-structure:** formal systems design and control work.
- **Staff support:** provide indirect services.

Types of Structure

- **Simple Structure:** One or two administrators and few operators. Direct control of the strategic apex. Small organizations. (**Autonomous**)
- **Bureaucracy Mechanics:** Standardization of work. Many techno-structure. Wide middle line. Large companies (**McDonald's.**)
- **Professional Bureaucracy:** Standardization of knowledge. Independent professionals with staff support. (**Hospital, UPV**)
- **Divisional Structure:** Standardization of products. The intermediate line has great autonomy. (**Group of Companies**)
- **Adhocracy:** more complex organizations with coordinated teams. Tends to disappear the line and staff.

5 Organizational Structure

Types of Organizational Structures

Shamrock structure (Handy)

Alta dirección
Estrategia
Coordinación

Subcontracting (outsourcing)

- Some or all of the processes are externally contracted (R&D, production, sales, etc).
- It could be ex-employees

Flexible workforce

- Temporary relation through time-limited contracts
- They usually do not identify themselves with the business' objectives
- Staff from temporary employment agencies.

Professional core

- Qualified technicians and managers (eg.: design, marketing)
- They think and act as partners, rather than as employees
- Not fixed working timetable
- Up to 40% of their earnings is variable

Clients

- Make clients take part in work (eg.: Supermarket, Automatic cash machines, furniture assembling)
- This area (leave) perfects the model

Examples: Real estate development companies, Textile-clothing companies, Electronic / computer companies

It is an organizational structure that increases flexibility (virtual businesses). It is becoming increasingly used.

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6 Organizational Structure

It is a **simplified graphic representation** of the **formal** organizational structure of a business.

```


graph TD
    A[Org. Unit A] --> B[Org. Unit B]
    A --> C[Unidad Org. C]
            
```

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graph TD
    CEO[CEO] --> Eng[Engineering]
    CEO --> Fab[Fabrication]
    CEO --> HR[Human Resources]
            
```

- It shows the **organizational units**, their **hierarchical dependence** and their formal relations.
- It **helps to communicate** the organizational structure to the staff.
- The **name** provides information about the activities that are carried out.
- It **does not reflect all of** the communication **relations** between the organizational units, but only the major ones.

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Business Plan – 2nd Delivery. Exercises Units 3, 4, 5 and 6

Fill in the word you have in Task 2 with the exercise we propose here about what you just studied.

4. Tactical level and functional areas implications

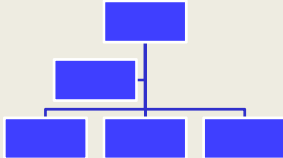
4.1 Organization Policy and Human Resources (HR)


In a service economy as given at this present time, human resources are the ones that influence more in our client satisfaction, in meeting the needs and expectations of our customers.


a. Organizational chart and organizational structure of the company

Draw the organization chart and indicate what type of organizational structure would be more appropriate. (Unit 5)

What organizational structure have you decided and why?







**Thank you very much
for your attention**

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