



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



SUBJECT: APPLIED MANAGEMENT

LEVEL: N4

MODULE 4: ORGANISATION

TOPIC

After completing this module, you will be able to :

- Briefly describe the nature and purpose of organising
- Explaining terminology with regards to organisation structure and design
- Describe and compare the organisation structures
- Define the concepts with regard to delegation of authority
- Describe the concept of span control

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5. Delegation of authority
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Introduction

Organisation provides the structure for the implementation of the plans of an organisation. Activities must be assigned to a specific manager who has the necessary authority to supervise the employees performing the activities, through organisation everyone is allocated a specific task with clear instruction of performance



Forms of enterprise that affect the organisational structure

1. Sole ownership

- The enterprise belong to a single person e.g guest house, BNB
- The owner operates the business at his own risks
- They are entitled to all profit
- Responsible for all losses
- They are liable for all debts and liabilities

2. Partnership

- Where two or more than 20 people agree to invest in a company
- Is not legal entity
- Partners are jointly and individually responsible for all debts and liabilities
- They share profit according to partnership agreement

Companies

- Are legal entities and all business is conducted in the name of the company who can contract, buy, sell and be taxed in the name of the business
- They obtain more capital
- If the company is listed on stock exchange public can buy shares

Cooperatives

- They operate as a service to its members rather than to exclusively make profit
- Profit is shared between members according to value of their transactions

Factors influencing organisation within an enterprise

- Some individuals are in control and give orders that are performed by others
- An orderly pattern of behaviour is established where certain people are identified as managers
- The style of communication of leaders is determined by their level of authority
- Division of labour takes place
- A successful organisation structure is dynamic and should be able to change and adapt with current conditions

Organisational process include the following actions

- Determine the objectives based on policy
- Horizontal division of labour
- Delegation of authority
- The coordination of activities
- control

Organisational structure and design

There are formal and informal structures

Formal structure

- Indicates the relations (responsibility and authority) between organisation components
- Aims to organise tasks within organisation

Informal structure

- Refers to personal contact, interaction and grouping people within formal organisation
- Employees of different levels interact during breaks

division of work

Vertical division of labour

- refers to introduction of lines of authority and describes the different levels that forms the vertical organisational structure
- Represent the line of authority and indicates the flow of communication in organisation

Horizontal division of labour

- Implies if a task is more specialised, the workers can accomplish more with the same effort
- Has better utilisation of skills and less intense training would be required

Two dimension in the horizontal division of work

Job scope

- Refers to different types of task that should be done

Job depth

- Refers to scope which the worker is allowed to plan and organise autonomously and perform it at own pace

departmentation

- Is the common method to group labour into suitable sections
- Is the establishment of departments that work together within the organisation



organisations structures

To organise tasks effectively a framework for the division of authority should be established

Line organisation

- Authority is delegated by top managers to the next level of management
- Authority is delegated to lower level by means of straight downward line

advantage and disadvantage of line

Advantage	disadvantage
<ul style="list-style-type: none">• The system is simple	<ul style="list-style-type: none">• System losses effectiveness
<ul style="list-style-type: none">• Unity of command exists	<ul style="list-style-type: none">• No provision is made for experts
<ul style="list-style-type: none">• Authority, responsibility and accountability are very specific	<ul style="list-style-type: none">• Departmental interest can enjoy priority over interests of the organisation
<ul style="list-style-type: none">• Promote fast decision making	<ul style="list-style-type: none">• Line command can become too extensive
<ul style="list-style-type: none">• More economical because of simplicity	

Line staff organisation

- Each department manager can have an advisor that give him advice on specialist areas e.g

The dietitian gives advice to the general manager

Advantage and disadvantage of Line and staff organisation

Advantage	Disadvantage
<ul style="list-style-type: none">• Expert knowledge and advise is available	<ul style="list-style-type: none">• Advisor can be frustrated
<ul style="list-style-type: none">• Departmental pay more attention to their management tasks	<ul style="list-style-type: none">• Advisors have little practical experience
<ul style="list-style-type: none">• Everybody can benefit from the expert knowledge of the advisor	<ul style="list-style-type: none">• Good freelance advisors are not easy to find and can be costly
	<ul style="list-style-type: none">• Departmental heads can become too dependent on advisors

functional organisation

- If a person in a specific department obtains authority over a person in other department or organisation, functional authority has been created

advantage and disadvantage of functional organisation

Advantage	Disadvantage
<ul style="list-style-type: none">• People with specialised knowledge can apply their knowledge in other functional areas	<ul style="list-style-type: none">• Unity of command is compromised
<ul style="list-style-type: none">• Effective delivery of all services can be improved	<ul style="list-style-type: none">• Departmental heads may object to interference in their departments

groups of employees found in large food service units

- Unit manager
- Supervisor
- Production and technical staff
- Semi-skilled or unskilled production workers
- Clerical and other employees (bookkeeper)
- Additional personnel (data capturers, secretary, clerk)

delegation authority

Authority and responsibility have to be delegated to subordinates to enable them to make certain decisions and tasks

elements of delegation

Authority

- Rights and powers inherent in a position
- This empowers the employees to give orders, manage and take decision

Responsibility

- Where authority has been allocated, responsibility is born
- Obligation to carry out an order to the benefit of the organisation as a whole

Accountability

- Obligation of exercising responsibility
- To give authority and account for it

importance of delegation

- Creates opportunity for decision making on lower level management
- Teaches employees to be responsible for tasks
- Creates equal distribution of work amongst all employees in the organisation
- Encourages efficient work performance
- Improve morale amongst workers

delegation principles

- Creates a work environment free from fear and frustration
- Proper planning should be done
- Accountability cannot be sacrificed
- Minimum levels of authority should exist
- Lines of authority should be clearly defined
- Work should be evaluated periodically
- There should be enough motivation for teamwork



decentralisation

- When authority is distributed through the organisation and delegation takes place on a permanent basis
- Takes place on organisational level

advantage of decentralisation and centralisation

Decentralisation	Centralisation
<ul style="list-style-type: none">• The risk of losing staff is more evenly distributed	<ul style="list-style-type: none">• No need for extensive control procedures
<ul style="list-style-type: none">• Knowledge concerning important aspects of certain activities is easier to obtain	<ul style="list-style-type: none">• A strong coordination top management can be developed
<ul style="list-style-type: none">• Organisation is more flexible	<ul style="list-style-type: none">• Knowledge and skills of experts can be better utilised
<ul style="list-style-type: none">• Decision making is accelerated	<ul style="list-style-type: none">• Duplication of functions can be decreased

Span of control

- The number of subordinates who can effectively be managed by one person
- Top managers span control is 2 person, namely the two division managers reports to the manager directly

Factors influencing span of control

- Training of staff
- Management methods
- Nature of work
- Span personality
- Span of energy
- Span of time
- Span of knowledge
- Span of attention
- Growth of organisation