

# Welcome

Business Environment

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Environment**

# The Business Organisation



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# The Business Organisation



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# Introduction to Organizations

## Definition:

***'Organisations are social arrangements for the controlled performance of collective goals'***

***(Buchanan and Huczynski)***

## Components:

Shared goals

Structures

Procedures

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# Why organise?

**Save time**

**Pool knowledge**

**Gain power**

**Deliver objectives**

***'2 brains are better than 1'***

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# Types of Organisations

## Primary objective

Profit seeking

Non-profit making

## Ownership

Private

Public

Co-operative

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# Key Functions

**Research & Development**

**Purchasing**

**Production**

**Servicing**

**Marketing**

**Administration**

**Finance**

**Human Resources**

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# Key Challenges

## Challenge

- Organising
- Dealing with complexity
- Responding to customers

## Method

- Co-ordination
- Standardising, communicating, supervising

## By managing!

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# Levels of planning



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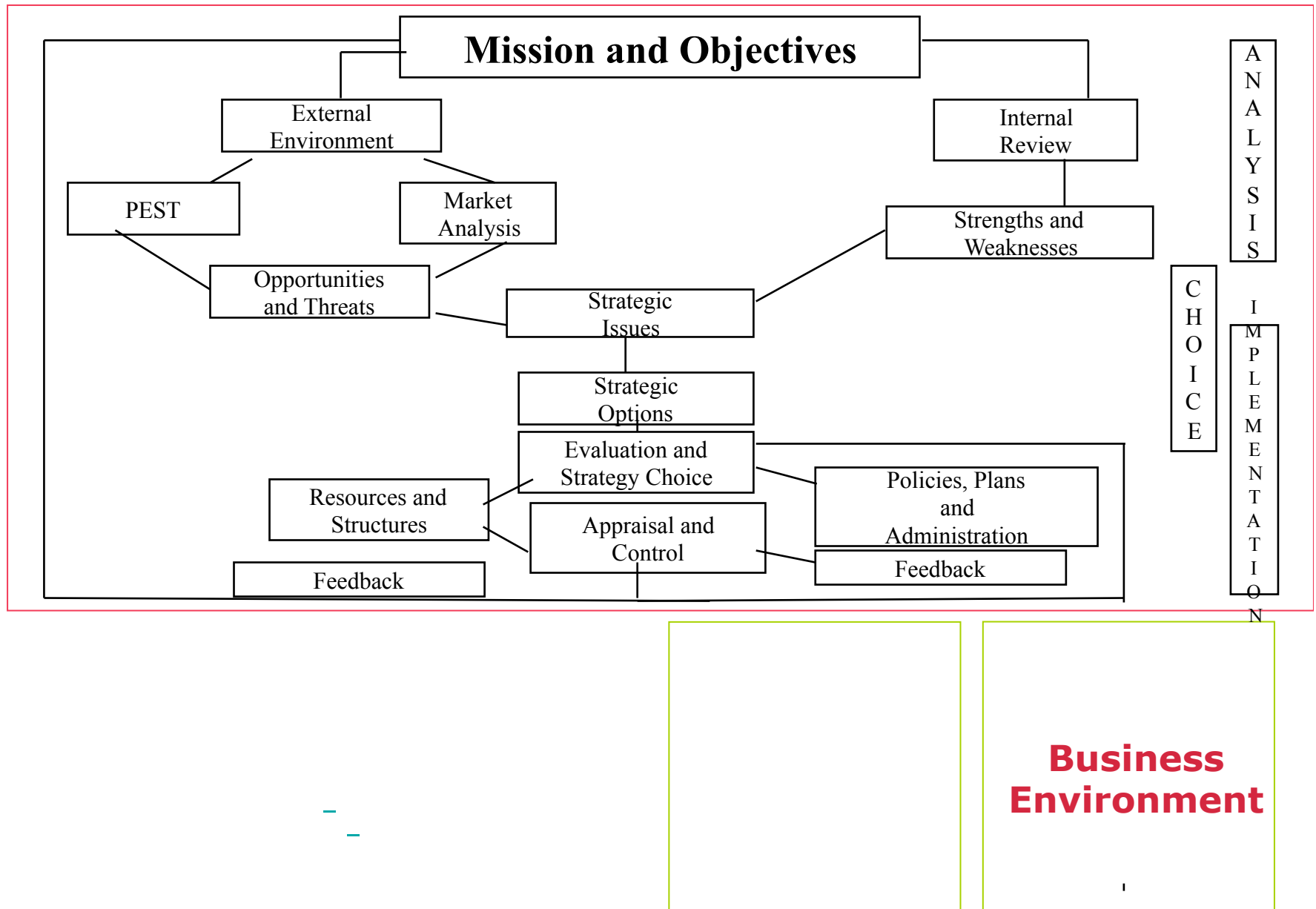
# Levels of Management

**Strategic**  
planning

**Tactical**

**Operational**  
Controlling

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# The business organisation



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# Structuring Organisations

## Why Structure?

### Key

- allocation of responsibilities
- grouping of functions
- decision making
- co-ordination

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# Structural Types

**‘Functions, products, and geographical areas remain the three basic models of organizational structure.’**

**Kamal Fatehi, 1996**

Functional Structure

clear definitions

crisis of diversity

decisions removed

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# Multidivisional Structure

**structure by service or location maybe further sub-divisions**

**pros**

- specialisation
- performance measurement
- frees senior management

**cons**

- inter-division conflict
- cost of inter-trading
- costly

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# Matrix Structure

## Combination of structures

### Pros

- improved decision making
- direct contact
- managerial motivation

### Cons

- decision time
- lack of clarity
- resulting conflict
- creeping bureaucracy

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# Other aspects of Organisational structure

## **Ownership v control (management)**

Who owns v who runs?

How is it managed?

## **Levels of management**

scalar chain

## **Span of control**

Number of people for whom manager is directly responsible

## **Tall and flat structures**

Tall = many levels & narrow span

Flat = few levels & wide span

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# Centralisation / Decentralisation

**Where does the power lie?**

**Localised knowledge**

**Size of organisation**

**Management style**

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# Hierarchy - flatter is fashionable

**Level of empowerment**

**Economies**

**Ease of communication**

**Re-engineering**

**Skills of the workforce**

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# Span of control

**Nature of work**

**Type of personnel**

**Location of personnel**

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# Chain of Command (scalar principle)

**Communication**

**Clarity**

**Goal congruence**

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# Organisational Culture

**“The complex whole which includes knowledge, beliefs, art, morals, laws, customs, and any other capabilities and habits acquired by man as a member of society” *Taylor E. (1871)***

**“The man made part of the human environment” *Herskovits M.J. (1948)***

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# Organisational Culture -contd

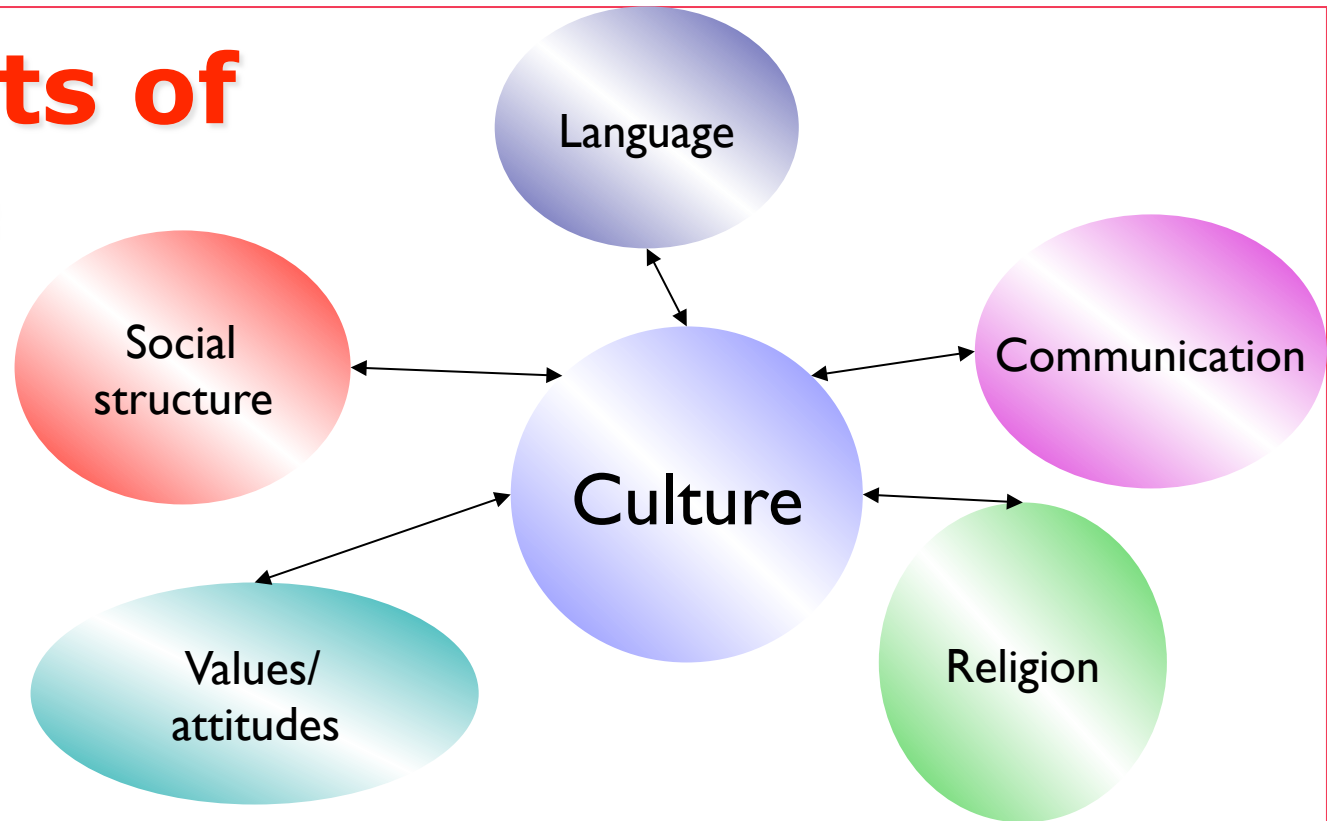
**"Set of common understandings" Becker (1970)**

**"Values, Beliefs and Expectations that members can share" *Schein E.H. (1979)***

**The collective programming of the mind that distinguishes the members of one human group from another." *Hofstede G.H. (1980)***

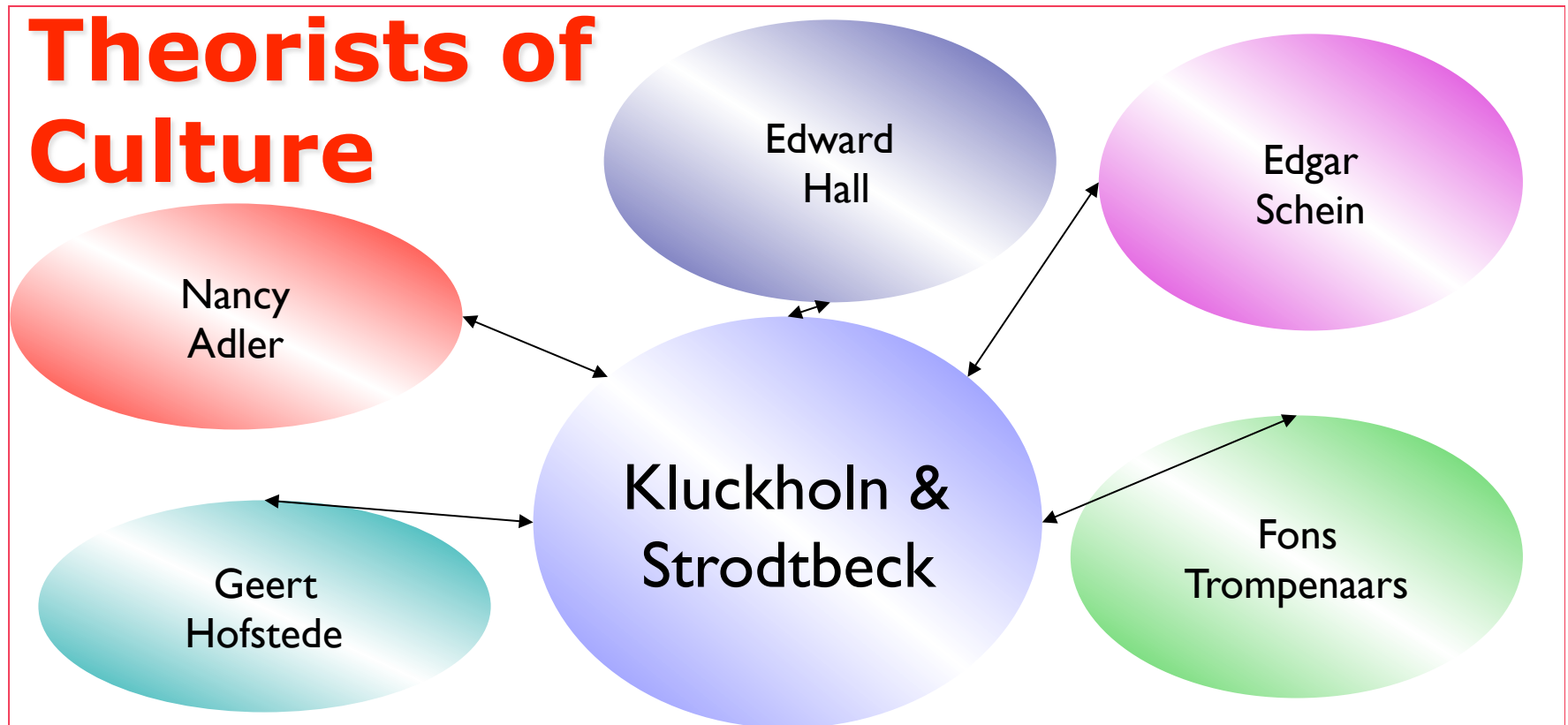
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# Elements of Culture



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# Theorists of Culture



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# Introduction

## What is Culture?

Values

Beliefs

Expectations

Attitudes

Behaviour

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# Exploring Culture

**Stories**

**Myths**

**Rites & Rituals**

**Symbols**

**Heroes & Villains**

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# Schein on Culture

**First leaders create the culture**

**Attributes for those following are created by existing culture**

**Leadership/culture link is strong**

**To lead – must understand the culture**

**3 levels of culture**

Artefacts

Espoused values

Basic assumptions and values

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# Organisational Culture

## Cultural Web

Stories & Myths  
Rituals & routines  
Symbols  
Structure  
Leadership  
Systems

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# Hofstede's five cultural dimensions (1)

## **Individualism (versus collectivism)**

a long-term group, - the family, a religious group

## **Power distance**

Large (power respect)

Small (power tolerance)

## **Uncertainty avoidance**

Weak (uncertainty accepting) risk averse

Strong (uncertainty avoiding). explicit rules

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# Hofstede's five cultural dimensions (2)

## **Masculinity/Femininity**

Masculine (aggressive goal behaviour)

Feminine (passive goal behaviour)

## **Long-term orientation (versus short-term)**

future versus the past

Long term Asian (Japan, China)

Short term UK

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# Harrison / Handy

**Power**  
**Task**  
**Role**  
**Person**

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# Deal & Kennedy

**Tough Guy, Macho**  
**Work hard, play hard**  
**Bet your company**

**Process**

***Characters***

Storytellers

Priests

Whisperers

Gossips

Spies

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# Miles & Snow

**Prospectors**

**Analysers**

**Reactors**

**Defenders**

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