



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Principles of Managing Tourism Organisations (POMTO)

People & Organisations (P&O)

Lecture 3:

Introducing Organisations



Last time

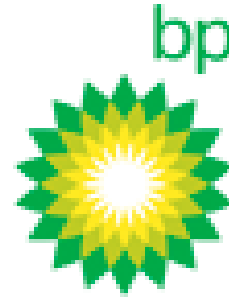
- OB theory helps us understand management
- Different approaches over time – Taylorism etc
- Framework for comparisons
- Helps us analyse and identify problems
- Helps managers choose appropriate solutions
- Theories come and go – classics endure
- Give us a way of looking at something
- Because we want managers and organisations to be more successful



Today's objectives

1. To explain what an organisation is and how it is designed
2. To distinguish between the different types
3. To look further at the 'open systems' model
4. To explain the 'informal organisation'
5. To consider the future shape of organisations

Organisations



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Why do organisations exist?

Organisations are mechanisms through which many people combine their efforts and work together to accomplish more than any one person could alone

Organisations are...

'...social constructs created by groups in society to achieve specific purposes by means of planned and co-ordinated activities.

These activities involve using human resources to act in association with other inanimate resources in order to achieve the aims of the organisation.'

Farnham and Horton

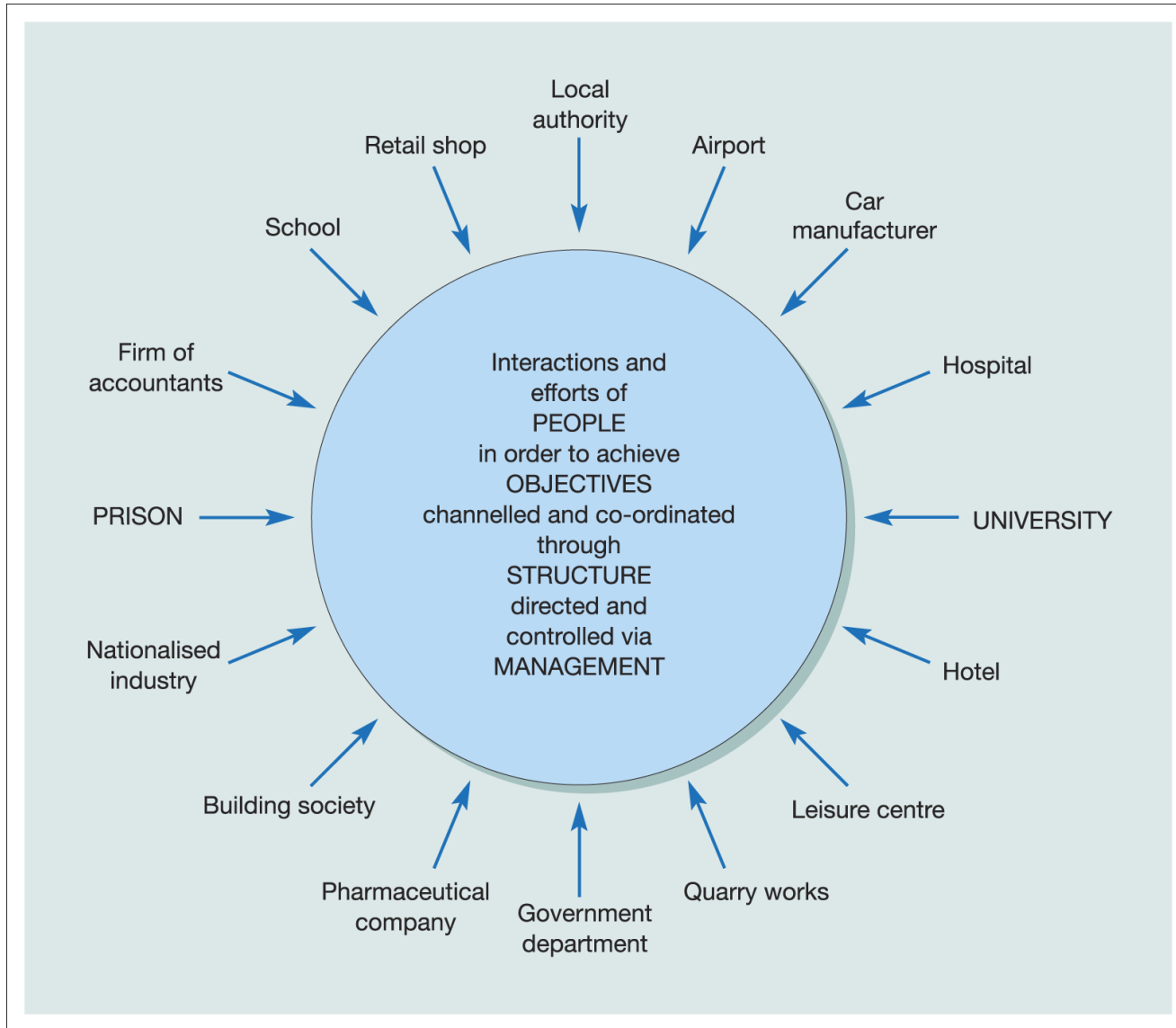


Figure 3.1 Common factors in organisations

Formal organisations: Schein

‘the planned co-ordination of the activities of a number of people for the achievement of some common, explicit purpose or goal, through the division of labour and function, and through a hierarchy of authority & responsibility.’

- Deliberately planned and created
- Concerned with the co-ordination of activities
- Hierarchically structured with stated objectives
- Based on principles such as specification of tasks and authority/responsibility.

Inside an organisation

- Two 'broad' components:
 - operating component
(workers)
 - administrative component
(managers)

Activity 1: What do they all do?

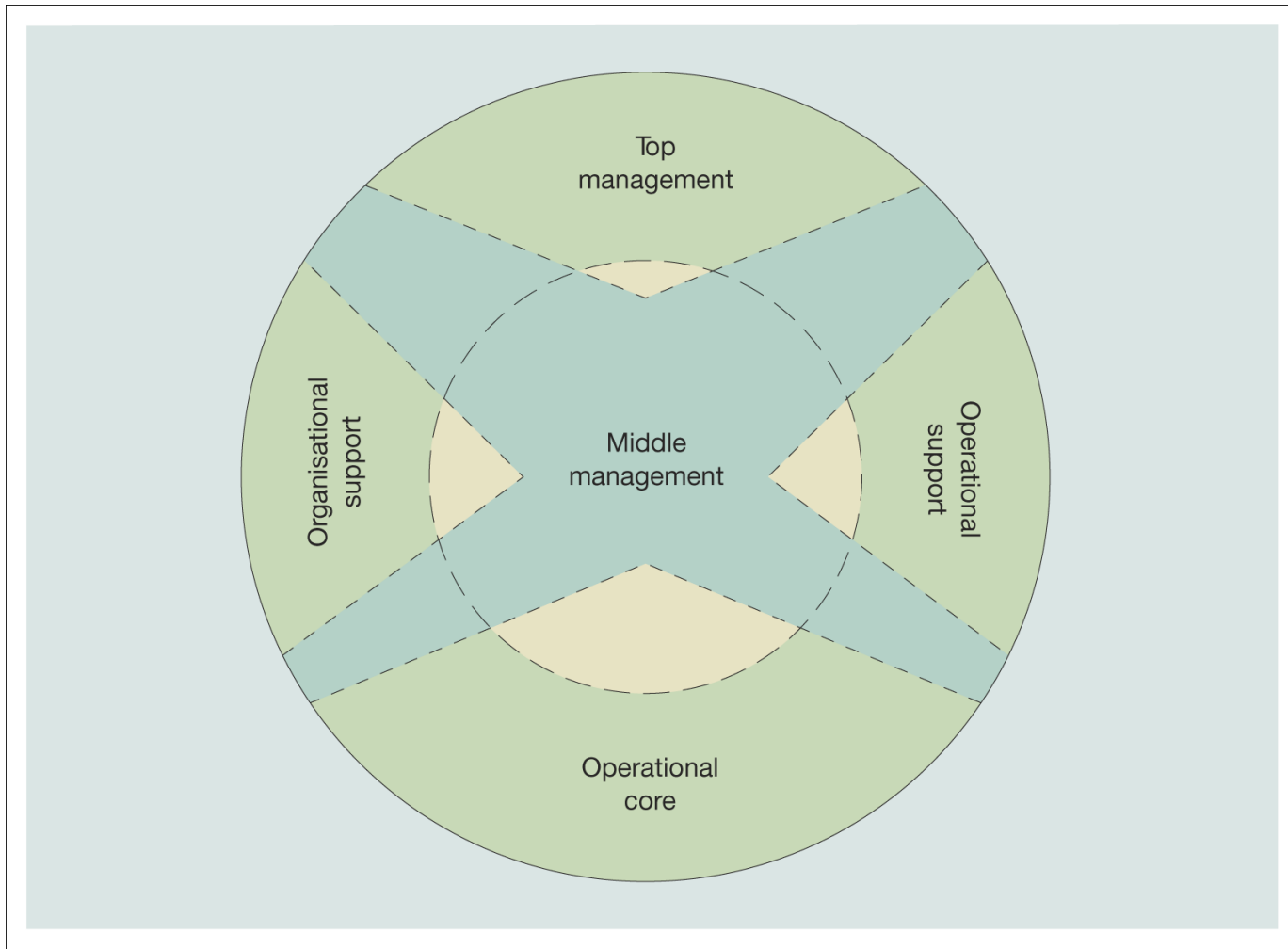


Figure 3.3 Five basic components of an organisation

Answer

- **Operational Core**
Carrying out daily tasks *e.g. a teacher teaching*
- **Operational Support**
Indirect daily tasks *e.g. Stores, maintenance*
- **Organisational Support**
Whole organisation services *e.g. HR, catering, office*
- **Top management**
Broad objectives/policy, Strategy, Overview,
External relations *e.g. Chief Executive*
- **Middle management**
Co-ordination, integration, links other layers
e.g. Department or functional Head

Some ways of classifying organisations

- Public/Private/Not-for-Profit
- Formal/Informal
- Product/Service

Production and service organisations

Production Organisations

- Concerned with tangible goods.
- Goods can be stored for future use.
- Goods remain with the customer.

Service Organisations

- Concerned with intangible services.
- Services cannot be stored.
- Services are consumed at the moment of delivery.

Ways of classifying organisations

- Public/Private/Not-for-Profit
- Formal/Informal
- Product/Service
- By major purpose

Classification by major purpose

- Economic/Business
- Protective
- Social/Associative
- Public service
- Religious
- Political
- Educational
- Protective/Military
- Voluntary/Charity

Examples?

Many organisations are 'multi-purpose', with more than one goal

Often possible to identify a single main goal.

Social Enterprise Organisations

- Set up in response to social or environmental concerns
- Bring together aspects of both the private and public sectors



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Social Enterprise model

- Companies with a different purpose
- Concerned with the community in general not shareholder value or specific public interest
- Not charities but promote well being of society
- Triple bottom line:
social, environmental and financial
- Main purpose: social
- Create social value
- Surplus not profit
- Reinvested
- Big Issue, Fifteen, Cafe Direct

The nature of organisations

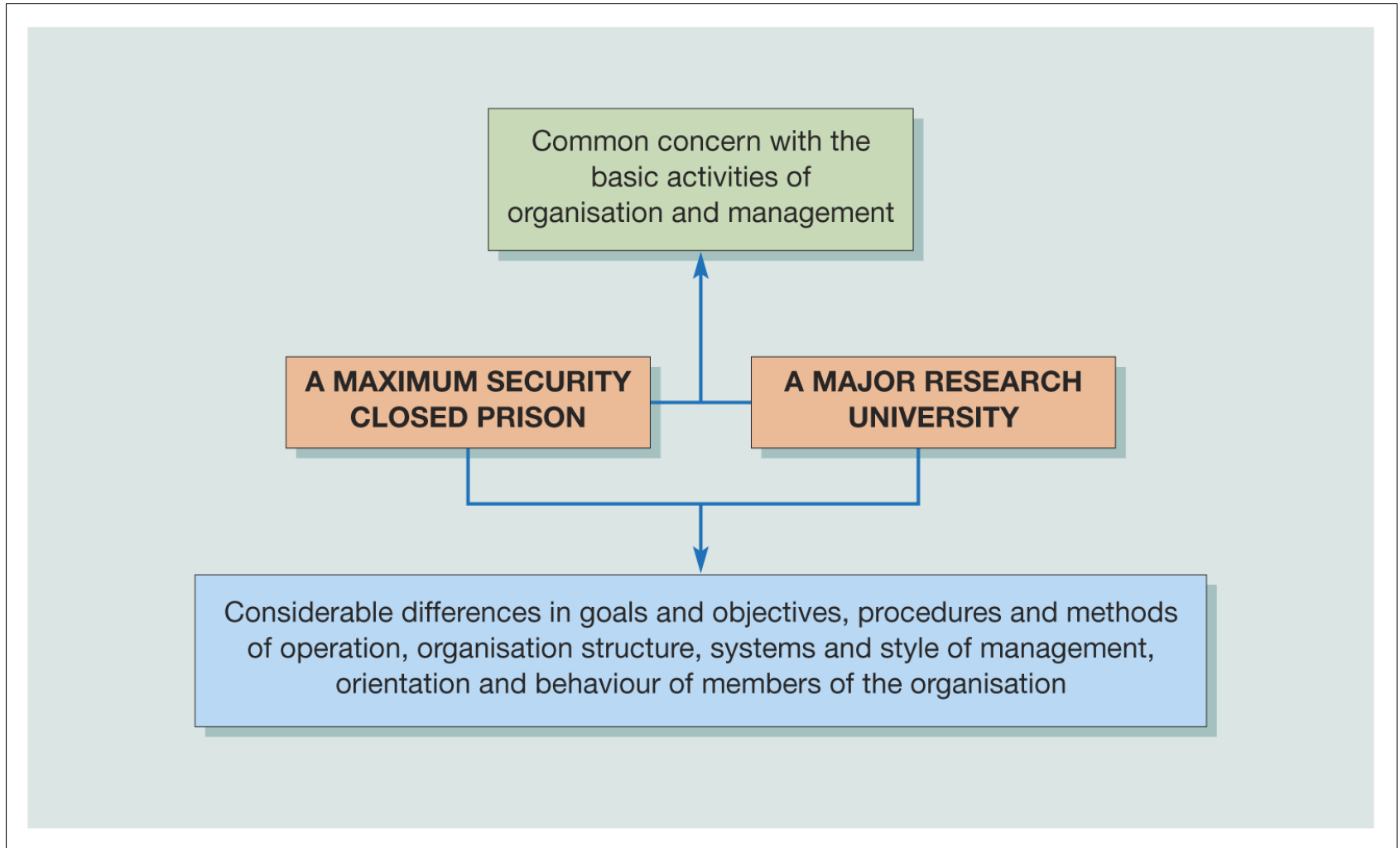
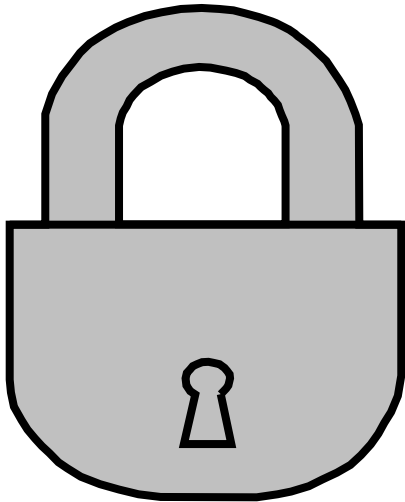


Figure 3.2 The nature of organisations

Activity 2

- What's the main purpose of a prison?
- Corrective
- Protective
- Penal
- Educational



Ways of classifying organisations

- Public/Private/Not-for-Profit
- Formal/Informal
- Product/Service
- By major purpose
- By prime beneficiary

So who benefits from the organisation?

- Businesses – owners
Issue: maximising efficiency and profits
- Service organisations – client group
Issue: conflict – service v admin procedures
- Mutual-benefit associations – the membership
Issue: participation & democratic control
- Commonwealth organisations – public at large
Issue: public accountability

Blau & Scott (1966)

Ways of classifying organisations

- Public/Private/Not-for-Profit
- Formal/Informal
- Product/Service
- By major purpose
- By prime beneficiary
- By primary activity

Classification by primary activity

The 'first order' function of the organisation determines the classification:

- **Productive or Economic**
 - Concerned with wealth creation, public service
- **Maintenance**
 - Concerned with socialisation of people
- **Adaptive**
 - Concerned with research and the pursuit of knowledge, theory testing
- **Managerial or political**
 - Concerned with social order, control

Katz & Khan (1978)

...then by secondary activity

Are they

Object or People moulding organisations?

If people, do they:

People process or people change?

Ways of classifying organisations

- By legal status/ownership:
Public/Private/Not-for-Profit
- Formal/Informal
- Product/Service
- By major purpose
- By prime beneficiary
- By primary activity

Authority in organisations (Weber)

- **Traditional organisations**

- Authority derived from custom and tradition
- The 'right to rule'
- e.g. Pope/King

- **Charismatic organisations**

- Authority derived from belief in the personal qualities of the leader
- e.g. Churchill, Jobs, Branson, Harriet Green?

- **Bureaucratic organisations**

- Authority derives from the acceptance of rules
- 'Legal-rational' authority based on position
- e.g. Army, Govt ministers, Vice Chancellor

Open Systems Approach

- Sees the organisation as a 'system'
- Inputs
- Outputs
- Open: connected to and interactive with the environment

How an organisation operates as an open system

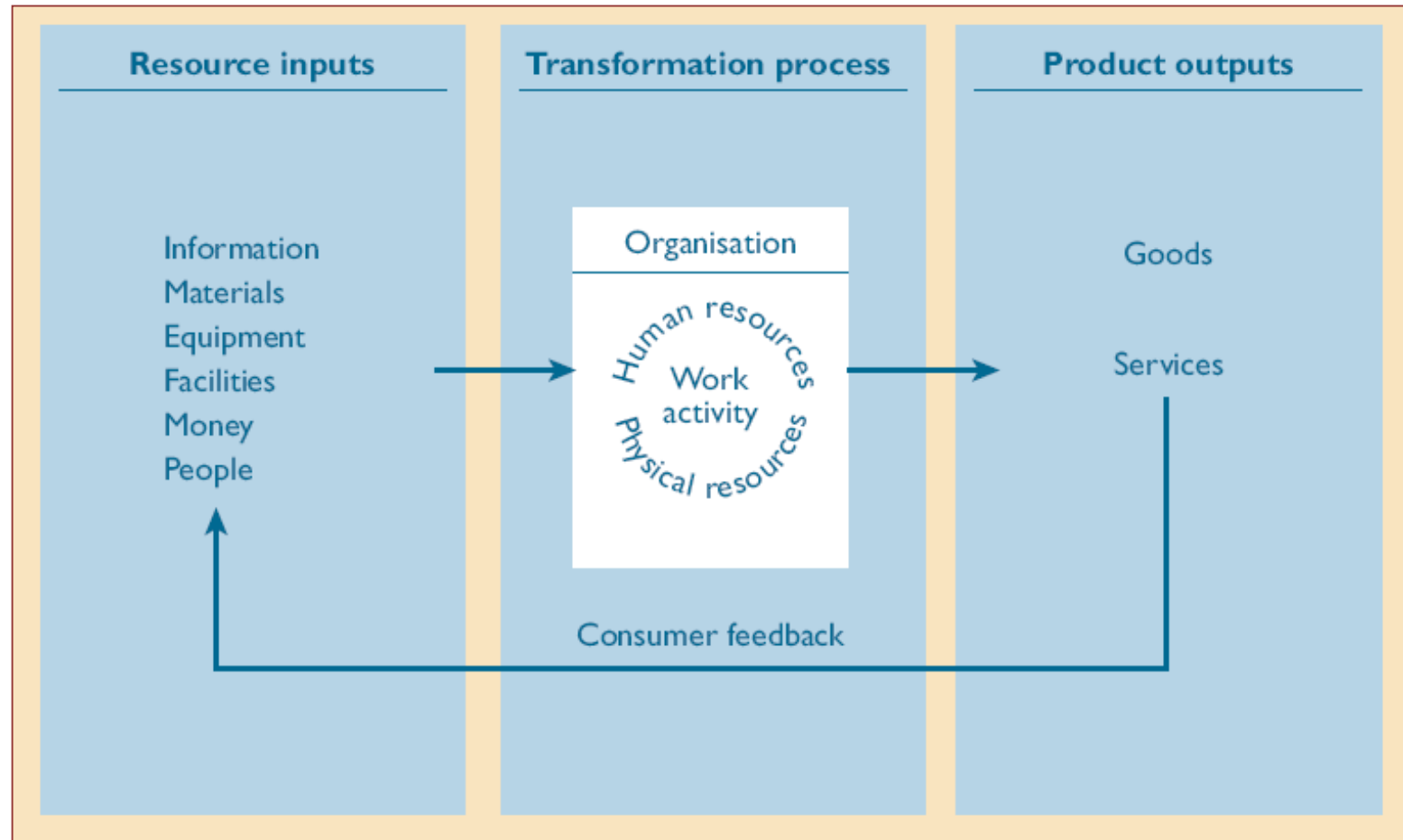




Figure 3.6 Environmental influences on the organisation

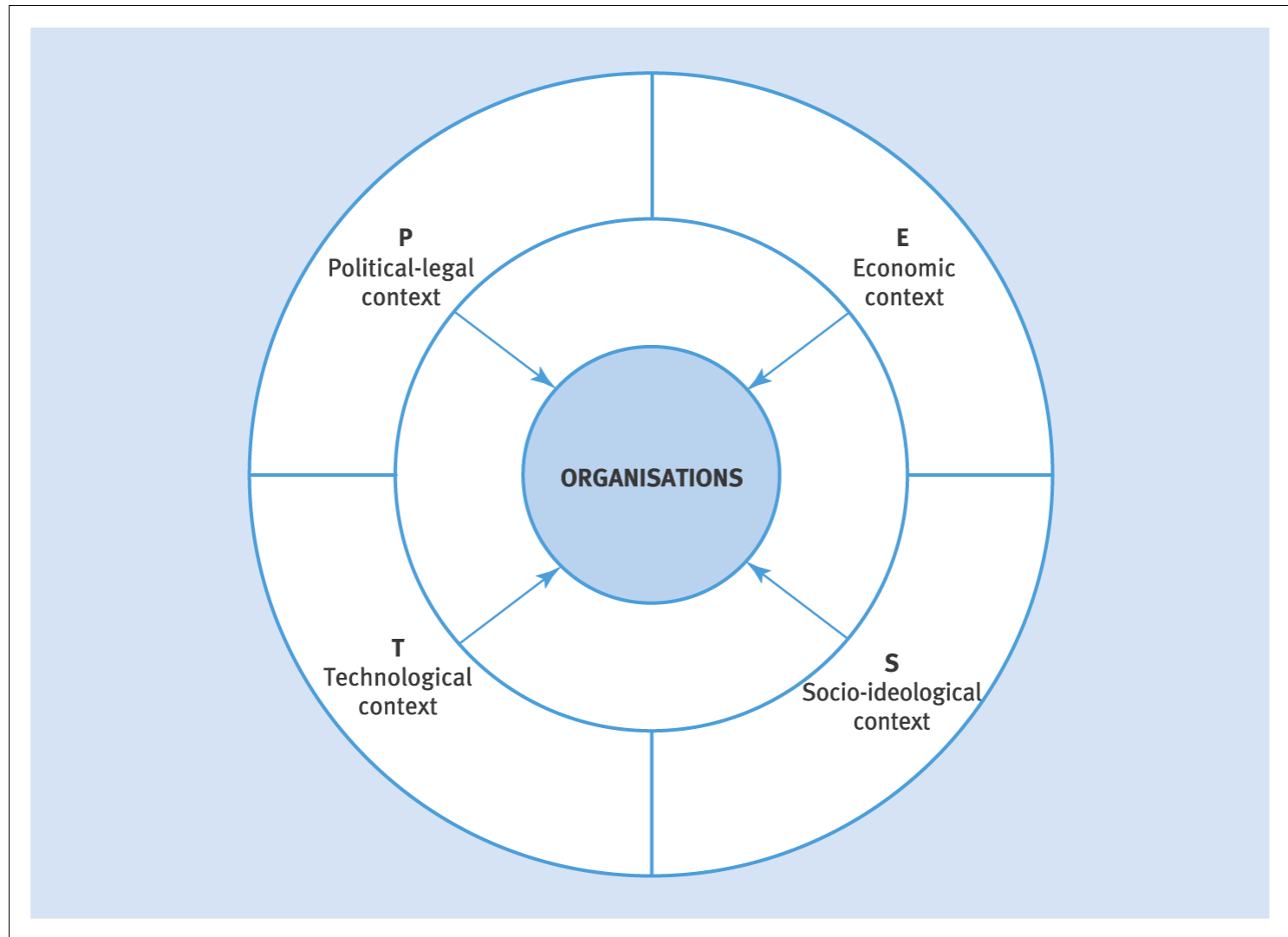


Figure 2.1 Contextual influences on organisations Rollinson (2008)

Contingency approach to organising

- Adopts an if–then approach.
- A number of situational factors influence organisational performance.
- If certain situational factors exist, then certain organisational and managerial variables are most appropriate.

The formal and informal organisation

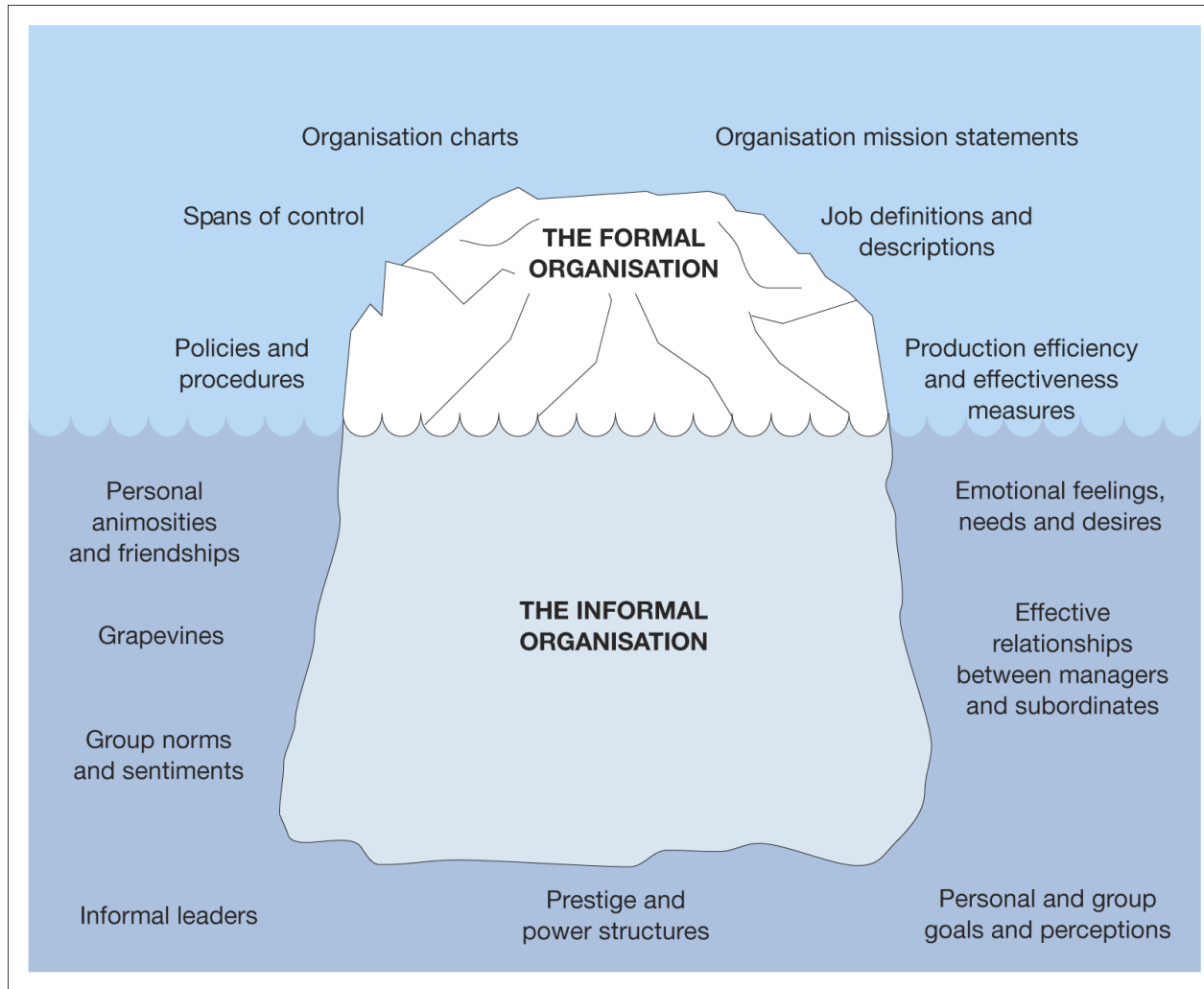


Figure 3.9 Formal and informal organisation

Source: Lysons, K., 'Organisational analysis', supplement to *Manager*, *The British Journal of Administrative Management*, no. 18, March/April (1997).
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The informal organisation

- Social groups/cliques
- Informal/unwritten rules: 'how we do things around here'
- Informal communication: the 'grapevine'
 - faster but often less accurate
- Co-exists with formal structure
- Can be beneficial and negative
- Managerially challenging

Organisations of the future

‘The essence of organisations has shifted and will continue to shift from focusing on structure to capability.’

Capability represents what the organisation is able to do and how it does it rather than the more visible picture of who reports to whom and which rules govern work....

Organisations will operate in the future to identify and nurture a handful of critical capabilities.’

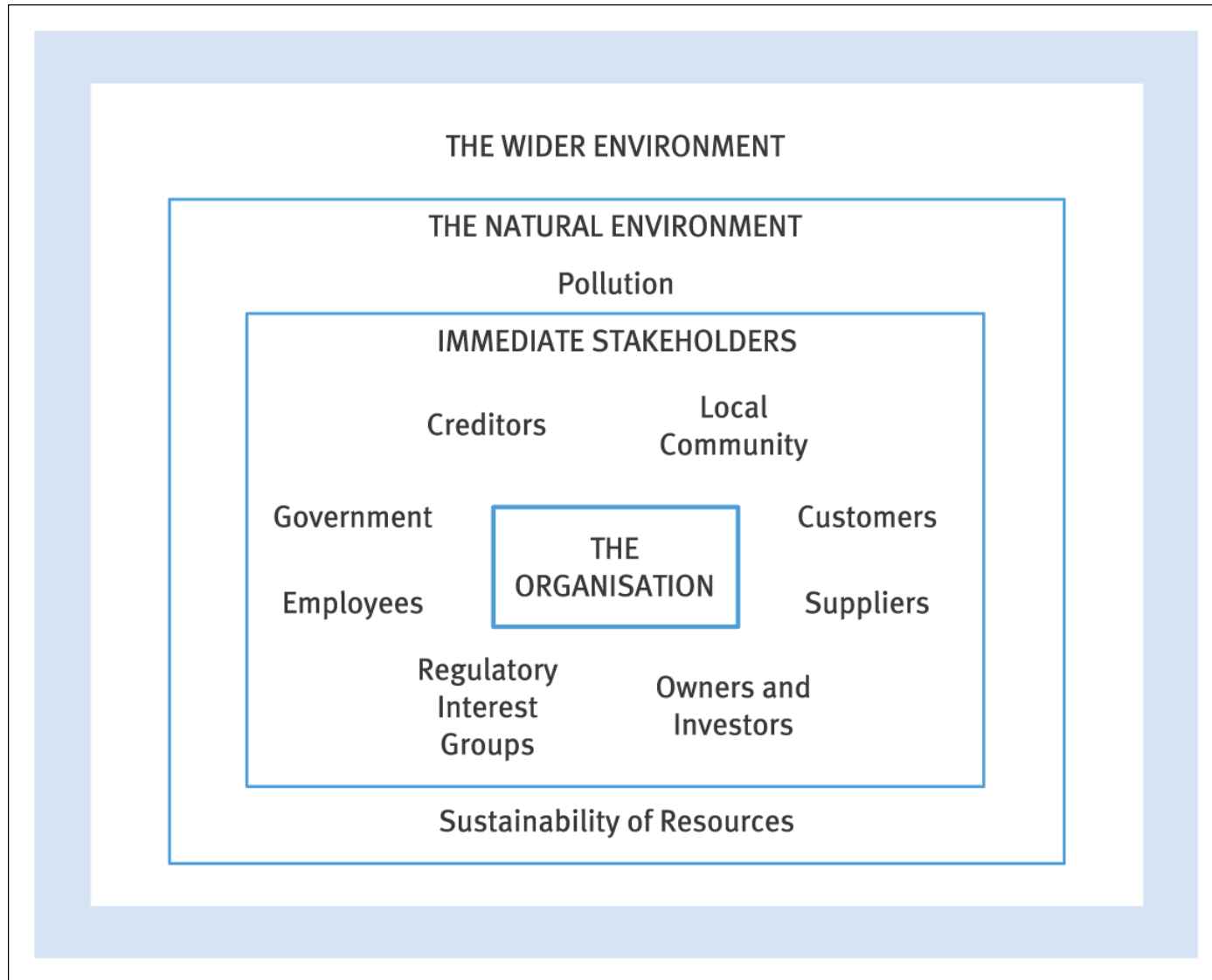


Figure 2.4 Areas of social responsibility for organisations Rollinson (2008)



Organisations

<https://youtu.be/04vJ4RTul7g>



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Next time:

Organisational Structure & Design