

# Introduction to Business Organization

Chapter #1

Organization:-

We use this term very commonly in our everyday life e.g.

- 1- CFE
- 2- Police
- 3- Toyota

“Organizations are social arrangement for the controlled performance of collective goals” (Buchanan & Huczynski)

**1- Collective Goals:** organizations are defined by their goals. The main goal of a school is to educate pupils. It will therefore be organized differently to a company that aims to make profits.

**2- Social Arrangement:** someone working alone cannot be classed as an organization. Organizations are structured to allow people to work together towards a common goal. Usually, the larger the organization, the more formal its structures.

**3- Controlled Performance:** an organization will have systems and procedures in place to ensure that group goals are achieved. For a company this could involve setting sales targets, or periodically assessing the performance of staff members.

**Synergy**

## **Illustration 1- A Football Team**

A football team can be described as an organization because

- 1- Number of Players
- 2- Team has an Objective
- 3- Need to maintain a system- training- – goals
- 4- Each member – specific skill –
- 5- Spirit synergy, everyone work to gather.



# Test your understanding#1

Which of the following would be considered to be an organization?

- (i) A Sole Trader (individually selling products)
- (ii) A Tennis Club
- (iii) A Hospital

- a) (i), (ii) and (iii)
- b) (i) and (ii) only
- c) (ii) and (iii) only
- d) (i) and (iii) only



TYU#1 C

A sole trader would normally be someone working on their own, so there would be no collective goals.

# Why do we need organizations?

## **1- Share Skills and Knowledge**

Skills sharing and knowledge create a synergy

## **2- Specialization**

Specialization is perhaps the oldest organization device.

## **3- Pool Resources**

It occurs when organizations or individual workers concentrate on a limited type of activity

It was first used in car production at Ford and is associated with the work of Taylor, which we will be discussing later.

The car production process was broken down into many separate tasks and each worker was required to specialize in only one small aspect other total process. This benefits the manufacturer in three ways.

✂ Simple tasks encourage the use of highly specific equipment, e.g. power wrenches that speed up the manufacturing.

✂ Semi- skilled labour can be employed rather than highly skilled operatives.

✂ Workers are only responsible for one process and so are able to develop a high level of expertise and increase their output per period

## Test Your Understanding #2

Jared is organizing a social event. Which of the following would be benefits of him forming a committee to manage the planning process and the event itself?

- i) It would help to overcome his limitation by bringing on board other people with different skills to him
  - ii) It would save time through the joint efforts of everyone on the committee
  - iii) It would help to satisfy Jared's social needs.
  - iv) All members of the committee would have to be skilled in all aspects of managing the social event
- A. i), ii) and iii) only
  - B. i), iii) and iv) only
  - C. All of the above
  - D. None of the above

**TYU#2- Correct answer is A:**

**Rationale: Organization (Which this committee could be classified as allow for specialization. Not all of the members would have to be skilled at performing all of the necessary tasks**

## Classification of Organization:- based on profit

### Profit Seeking Organizations

Some organizations, such as companies and partnerships, see their owners. Such organization are often referred to as 'profit seeking'

The objective of wealth maximization is usually expanded into three primary objectives

- To continue in existence (survival)
- To maintain growth and development
- To make a profit.

### Not for Profit Organization

Other organization do not see profitable as their main objective.

Such not-not-profit organization (NFPs or NPOs) are unlikely to have financial objective as primary.

The objective of NFPs can vary tremendously:

- Hospitals could be said to exist to treat patients
- Councils often state their 'mission' as caring for their communities.
- A charity may have as its main objective relief victims of disasters and help people prevent, prepare for , and respond to emergencies.
- Government organizations usually exist to implement government policy

## Classification of Organization:-

### Not for Profit Organization

One of the specific category of NFPs is a mutual organization. Mutual organization are voluntary not-for-profit association formed for the purpose of raising funds by subscriptions of members, out of which common services can be provided to those members.

Mutual organization include

- Some building societies
- Trade unions
- Some working-men's clubs.



## Not for Profit - NGO

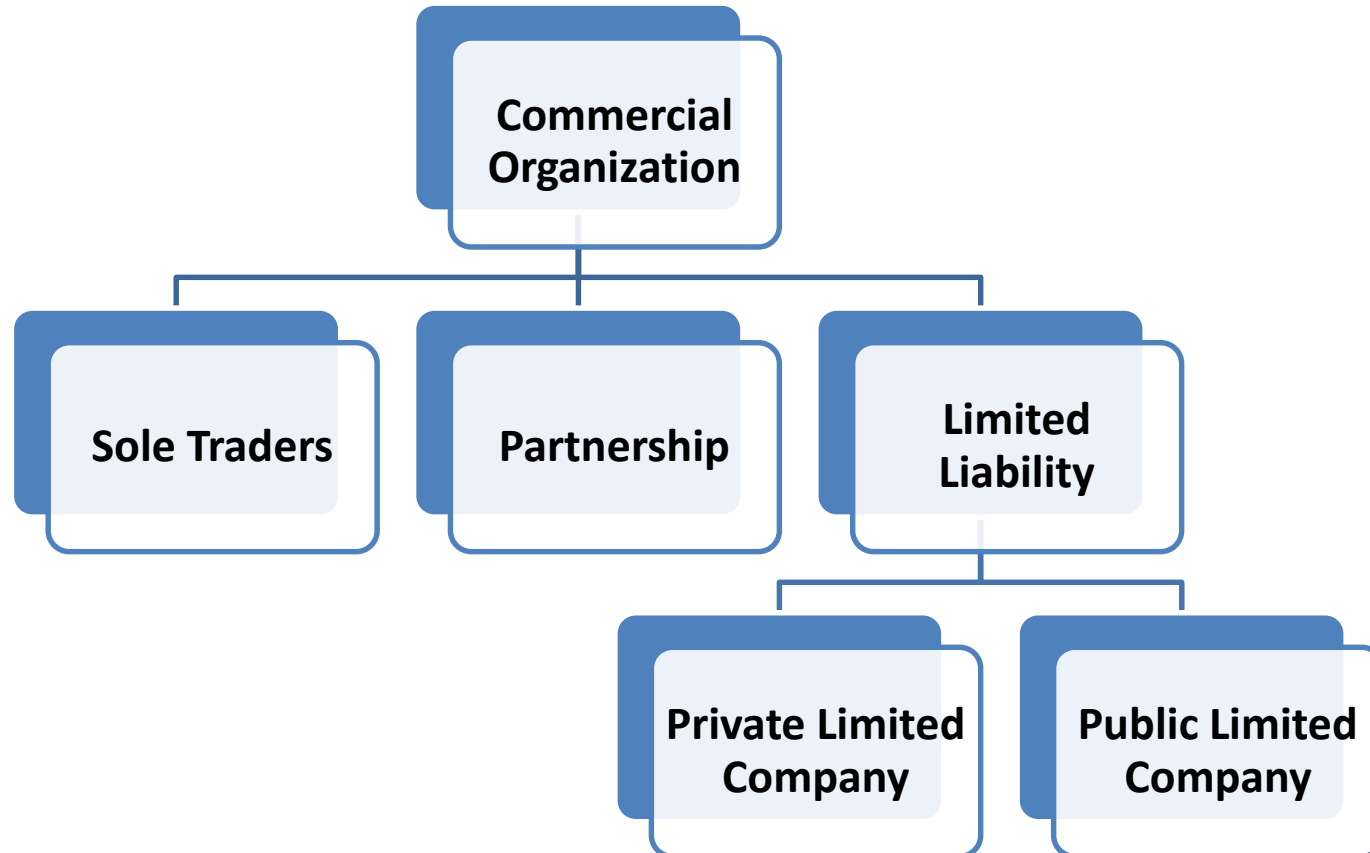
Red Cross

Greenpeace

Amnesty International



# Classification of the profit seeking or Commercial Organization **(Write)**



A high-angle photograph of three men in business suits shaking hands around a white circular table. The table is equipped with a laptop, a tablet displaying a bar chart, two black coffee cups, and some papers. The background is a bright, white tiled floor.



**Private Limited Companies** (with 'Ltd' after their name) – these tend to be smaller businesses, often owned by a few shareholders. Share cannot be offered to the general public.

A word cloud shaped like a map of India, featuring terms related to company registration. The most prominent words are "Limited", "Articles", "Register", and "Company". Other visible words include "Memorandum", "Directors", "Share", "Form", "Website", "Incorporation", "Private", "Public", "Partnership", "Sole Proprietorship", "Joint Venture", "Franchise", "Licensing", "Trademark", "Patent", "Copyright", "Industrial Design", "Geographical Indication", "Trade Dress", "Passing Off", "Unfair Trade Practices", "Consumer Protection", "Competition Law", "Intellectual Property Rights", "Data Protection", "Information Technology", "E-commerce", "Cyber Law", "Digital Signature", "Electronic Governance", "Online Dispute Resolution", "Virtual Courts", "Blockchain", "Artificial Intelligence", "Big Data", "Cloud Computing", "Internet of Things", "Wearable Devices", "Smart Homes", "Autonomous Vehicles", "Drones", "Nanotechnology", "Biotechnology", "Space Technology", "Advanced Materials", "Robotics", "Augmented Reality", "Virtual Reality", "Gaming", "Social Media", "Mobile Apps", "Wearable Health Monitors", "Smart Agriculture", "Precision Farming", "Vertical Farming", "Aquaponics", "Hydroponics", "Organic Farming", "Permaculture", "Regenerative Agriculture", "Agroforestry", "Silvopasture", "Riparian Forest Management", "Conservation Agriculture", "No-till Farming", "Cover Cropping", "Crop Rotation", "Intercropping", "Polycultures", "Biodiversity", "Ecological Services", "Pollination", "Soil Health", "Water Conservation", "Rainwater Harvesting", "Grey Water Recycling", "Solar Energy", "Wind Energy", "Geothermal Energy", "Hydroelectricity", "Nuclear Energy", "Fossil Fuels", "Renewable Energy", "Energy Storage", "Smart Grids", "Energy Efficiency", "Green Buildings", "LEED Certification", "Net Zero Emissions", "Carbon Footprint", "Climate Change", "Sustainable Development Goals", "Circular Economy", "Zero Waste", "Waste-to-Energy", "Recycling", "Upcycling", "Biodegradable Packaging", "Edible Packaging", "Plant-based Alternatives", "Lab-grown Meat", "Cellular Agriculture", "Vertical Farming", "Indoor Farming", "Controlled Environment Agriculture", "Tissue Culture", "Cloning", "Gene Editing", "CRISPR", "Synthetic Biology", "Bioengineering", "Biomanufacturing", "Bioremediation", "Environmental Monitoring", "Remote Sensing", "GIS", "GPS", "Drone Mapping", "LiDAR", "Satellite Imagery", "Weather Forecasting", "Climate Modeling", "Oceanography", "Marine Biology", "Fisheries Management", "Wildlife Conservation", "Endangered Species", "Protected Areas", "National Parks", "Wildlife Sanctuaries", "Biosphere Reserves", "World Heritage Sites", "UNESCO World Heritage Sites", "Global Biodiversity Framework", "Paris Agreement", "Montreal Protocol", "Convention on Biological Diversity", "Convention on International Trade in Endangered Species", "Convention on Wetlands", "Convention on Transboundary Waters", "Convention on Access to Information, Public Participation and Access to Justice in Environmental Matters", "Convention on the Rights of the Child", "Convention on the Elimination of All Forms of Discrimination Against Women", "Convention on the Status of Refugees", "Convention on the Status of Stateless Persons", "Convention on the Rights of Migrant Workers", "Convention on the Rights of Indigenous Peoples", "Convention on the Rights of Persons with Disabilities", "Convention on the Rights of Children", "Convention on the Rights of Women", "Convention on the Rights of Men", "Convention on the Rights of Youth", "Convention on the Rights of Elders", "Convention on the Rights of Disabled Persons", "Convention on the Rights of LGBTQ+ Persons", "Convention on the Rights of Transgender Persons", "Convention on the Rights of Intersex Persons", "Convention on the Rights of Non-binary Persons", "Convention on the Rights of Gender-nonconforming Persons", "Convention on the Rights of Gender-atypical Persons", "Convention on the Rights of Gender-diverse Persons", "Convention on the Rights of Gender-fluid Persons", "Convention on the Rights of Gender-queer Persons", "Convention on the Rights of Gender-rebellious 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## Classification of Organization:- based on ownership/control

### Public Sector Organization

The public sector is that part of the economy that is concerned with providing basic government services and is thus controlled by government organizations or its any bureau.

In most of the countries

- police
- military
- public road
- primary education
- Healthcare for poor

### Private Sector Organization

The private sector, comprising non-government organizations, is that part of nation's economy that is not controlled by the government.

- Businesses
- Charities
- Clubs

# Test your understanding#3

Many schools run fund-raising events such as fetes, where the intention is to make a profit. This makes them 'profit-seeking'.

- a) True
- b) False

TYU#3 False

Schools run fund-raising activities to help pay for extra books, e.g. to improve the quality of education given to pupils. The primary objective is educational, not profit. The money made at the fete is thus a means not an end.

# Classification of Organization:-



## Cooperatives

Cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural need and aspirations through a jointly owned and democratically controlled enterprise.

Cooperative are thus businesses with the following characteristics.

- They are owned and democratically controlled by their members – the people who buy their goods or use their services. They are not owned by investors.
- Cooperatives are organized solely to meet the needs of the member owners, not to accumulate capital for investors.

# Test your understanding#4

Which of the following are usually seen as the primary objectives of companies?

- (i) To maximize the wealth of shareholders
- (ii) To protect the environment
- (iii) To make a profit

- A. (i), (ii) and (iii)
- B. (i) and (ii) only
- C. (ii) and (iii) only
- D. (i) and (iii) only

## TYU#4 D

While protecting the environment is to be encouraged and is reinforced within statute to some degree, it is not a primary objective of the company.

# Test your understanding#5

Which of the following organization is most likely to be classified as part of the public sector.

- A. A charity
- B. A social club
- C. A school
- D. A public limited company

TYU#5 C



# Sectors in which Organization Operate:

Organization work in different markets like

**Agriculture:** Production , processing, and packaging of foodstuffs.

**Mining:-** Extraction and processing of minerals

**Finance:-** This includes banks and other companies that profit through investments and the lending of money to others.

**Retailers:-** Sale of goods produced by manufacturers to consumers.

**Service:-** Production of intangible good and services.

**Transportation:-** Movements of goods between locations.

