

## Chapter23 Organisation structure and employees

### Overviews

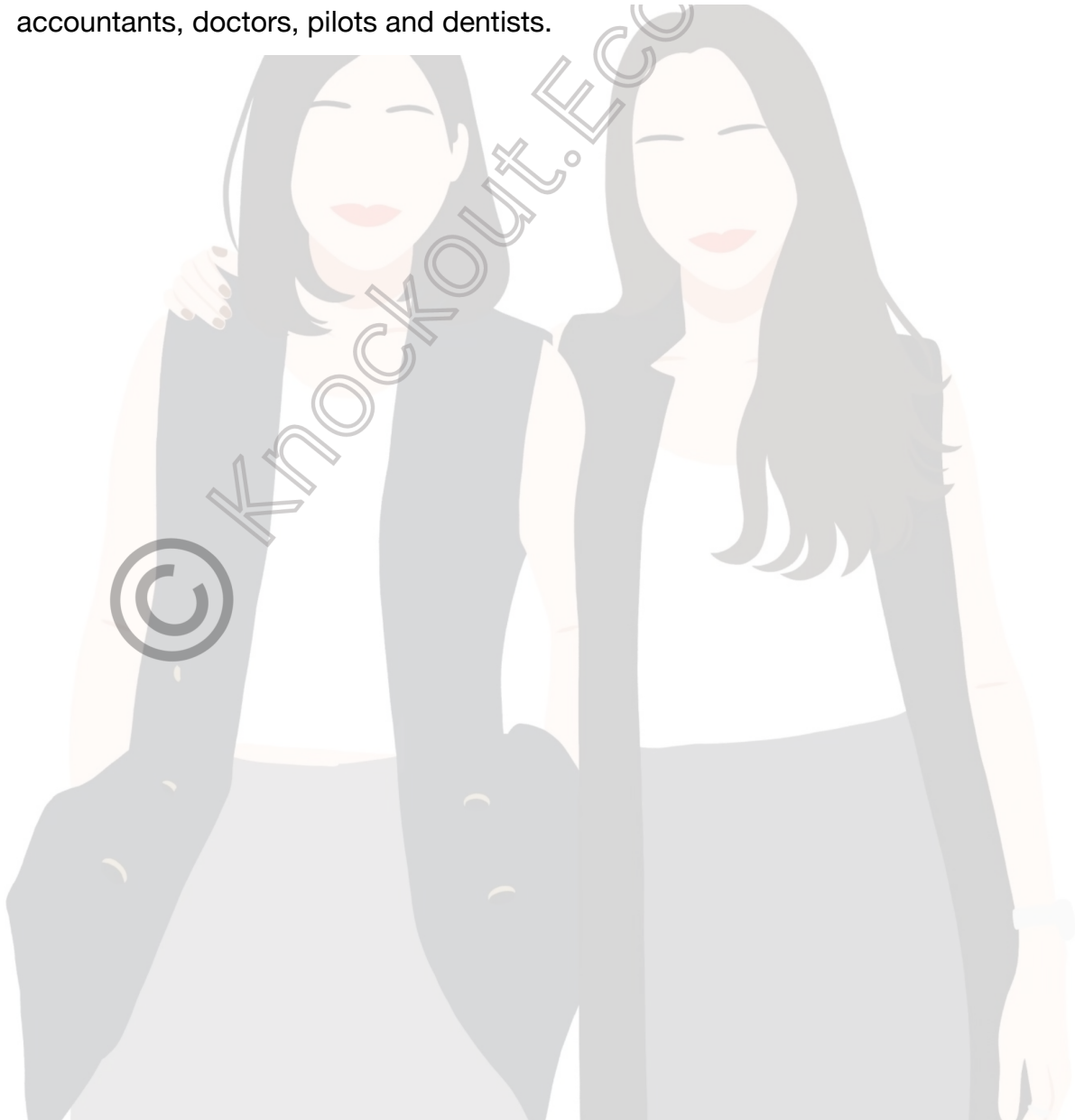
1. The organizational charts for different types of business: hierarchical and flat, centralized and decentralized.
2. The roles and responsibilities of employees in terms if compliance and accountability: span of control, chain of command and delegation.

### 1. Organisational charts

- **Organisational chart:** diagram that shows the different job roles in a business and how they relate to each other.
  - **Formal organization:** internal structure of a business as shown by an organisation chart.
  - **Hierarchy:** order or levels of responsibility in an organization from the lowest to the highest.
- **The formal organisation can be represented by an organization chart, which shows :**
- 1) How the business in split into functions and departments
  - 2) The roles of employees and their job titles
  - 3) Who has responsibility
  - 4) To whom people are accountable
  - 5) Communication channels
  - 6) The relationships between different positions in the business.

## 2. Employee roles and responsibilities

1. **Directors** : are appointed by the owners to run the business. They make all the important decisions in the business.
2. **Managers** : are responsible for planing, controlling, organising, motivating, problem solving and decision making.
3. **Supervisors** : monitor the work in their particular area.
4. **Operatives** : are skilled workers which involved in the production process.
5. **General staff** : Businesses often employ staff that do not have any specific skills. With training they have more status than general staff.
6. **Professional staff** : are skilled and highly trained. Examples include lawyers, accountants, doctors, pilots and dentists.



### 3. Features of organizational structures

**3.1) Chain of command** (Line of authority) : is the structure in an organisation which allows instructions to be passed down from senior management to lower levels of management.

#### Advantages and Disadvantages of short chains of command

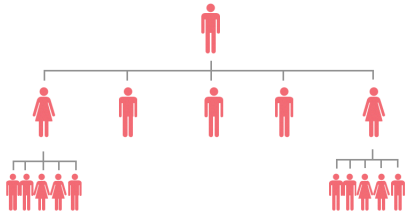
Advantages	Disadvantages
1.Communication is quicker and more accurate. 2.This can encourage managers to delegate tasks and have more time to do other jobs. 3.Less direct control of each worker and they will feel more trusted.	1.Managers may lose control because of lots of subordinates. 2.If subordinates are poorly trained, they could make many mistakes.

#### 3.2) Span of control

- **Span of control:** is the number of subordinates working directly under manager.
- **Subordinates:** people in the hierarchy who work under the control on a more senior worker.
- E.g. in the marketing department a manager is responsible for 5 marketing officers => 5 subordinates.

### 3.3) Flat and hierarchical (Tall) structures

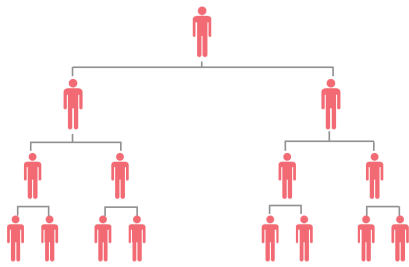
#### Business A : Short chains of command / Wide span of control



#### Advantages and disadvantages of flat structure

Organizational structure	Advantages	Disadvantages
<b>1. Flat structures</b>	<ol style="list-style-type: none"> <li>1. Communion is better &amp; quicker from short chain of command.</li> <li>2. Management cost is low from fewer layers of management.</li> <li>3. Employees are motivated by less closely controlled.</li> <li>4. Less formal.</li> </ol>	<ol style="list-style-type: none"> <li>1. Managers may lose control over their subordinates from wide span of control.</li> <li>2. It may cause a fall in productivity of subordinates.</li> <li>3. It may have co-ordination problems if manager are responsible for many subordinates.</li> </ol>

**Business B : Hierarchical(tall) structure / Long chains of command / Narrow span of control**



**Advantages and disadvantages of tall structure**

Organizational structure	Advantages	Disadvantages
<b>1. Tall structures</b>	1. Managers have more control over their subordinates. 2. A clear route for promotion motivates staff. 3. Communication is poor.	1. Management cost is higher as there are more managers. 2. Poor communication from long chain. 3. Slow down decision making

**3.4) Delegation**

**Delegation :** authority to pass down work from superior to subordinate.

Advantages of delegation to managers	Advantages of delegation to subordinates
<ul style="list-style-type: none"> <li>Managers do not have to do everything by themselves.</li> <li>Managers can assess performance of staff from the tasks delegated.</li> </ul>	<ul style="list-style-type: none"> <li>Employees feel more important to company.</li> <li>Delegation allows workers to be trained.</li> </ul>

### 3.5) Centralised and decentralized

- **Centralised** : type of organization system where most decision are made at top of the organization and then passes down the chain of command.
- **Decentralised** : type of organization system where decision making is pushed down the chain of command and away from the top.

Advantages of centralisation	Disadvantages of centralisation
1. Senior management has more control over business.	1. Employees maybe demotivated without any authority.
2. Coordination and control is easier.	2. Less creativity and fewer ideas.
3. Senior managers have more experience in making decision.	3. Procedures may be needed to make decision making.

Advantages of decentralisation	Disadvantages of decentralisation
1. It empowers and motivates workers.	1. Senior managers may lose control of resources.
2. It reduce stress and burden to senior manager.	2. Costs maybe higher owing to less standardisation and more variability in decision.
3. Subordinates have grater job satisfaction by making their own decision.	3. Some workers mayn't be able to make decision.

### 4. Organisational charts and growth

As business grow, the formal organization is likely to change.

- Small business, it has entrepreneurial structure => centralized decision by owners.
- As business grow => traditional structure based on hierarchy and sharing decision
- Matrix structure where employees are put into teams that cut across departmental roles. They may work together on specific project.