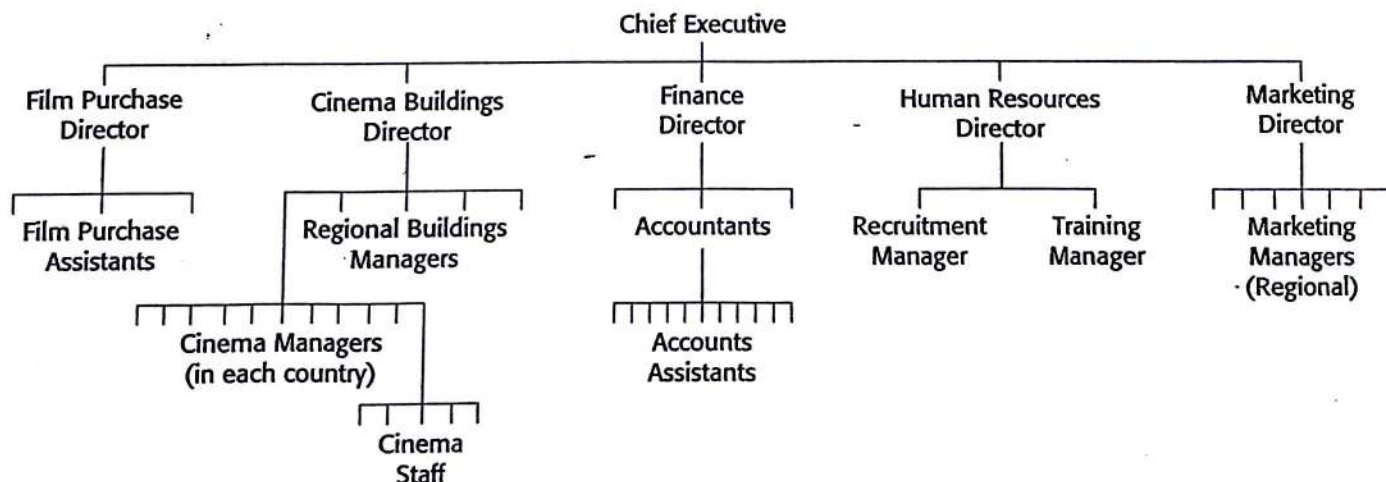


Read the case study below and then tackle the exercises that follow.

Majestic Cinemas plc

Majestic Cinemas owns one of the largest chains of cinemas in Asia. It operates in more than ten countries. The current organisational structure is shown below. The new chief executive, Paul Lee, is concerned that this structure does not give the business sufficient flexibility. The former head of the corporation was very autocratic in approach and had centralised nearly all major decision making. There was minimum delegation as he had not believed the staff could be trusted, even with day-to-day decisions. All procedures were clearly laid down from head office, including the opening times of each cinema, the types of films to be shown, the range of drinks and snacks to be sold and so on. He had been reported as saying that, 'Our customers know where they are with Majestic – they do not want to see us change the way we do things. In any case, by buying our films centrally we can keep costs down.'

Paul did not believe in this approach. He had been educated abroad and had travelled extensively. He recognised the differences in tastes, culture and population trends that existed across the region. He considered that decentralisation was essential in many areas of the business. He wanted to develop and train younger staff to manage cinemas and to stamp their own style and personality on them. The ageing middle management would, he felt, oppose all of these moves. He wondered if the middle managers were really necessary – after all, the cinema managers could send him daily attendance figures over the internet each day and he could use video conferencing to contact them at any time. Paul realised that he had a job on his hands to change the culture of the organisation – but measures had to be taken to cut costs and to remain competitive.



- 1 What is the span of control of the film purchase director?
- 2 How many levels of hierarchy are there in the cinema buildings department?
- 3 Outline three drawbacks of a centralised structure in this business.

- 4 Explain how Paul might decentralise the decision making in this business.
- 5 Discuss the consequences to the business and to the cinema managers of decentralising decision-making authority to them.