



# PEOPLE IN ORGANIZATIONS

ORGANIZATION STRUCTURE

# WHAT IS HAPPENING TO ORGANIZATIONAL STRUCTURES?

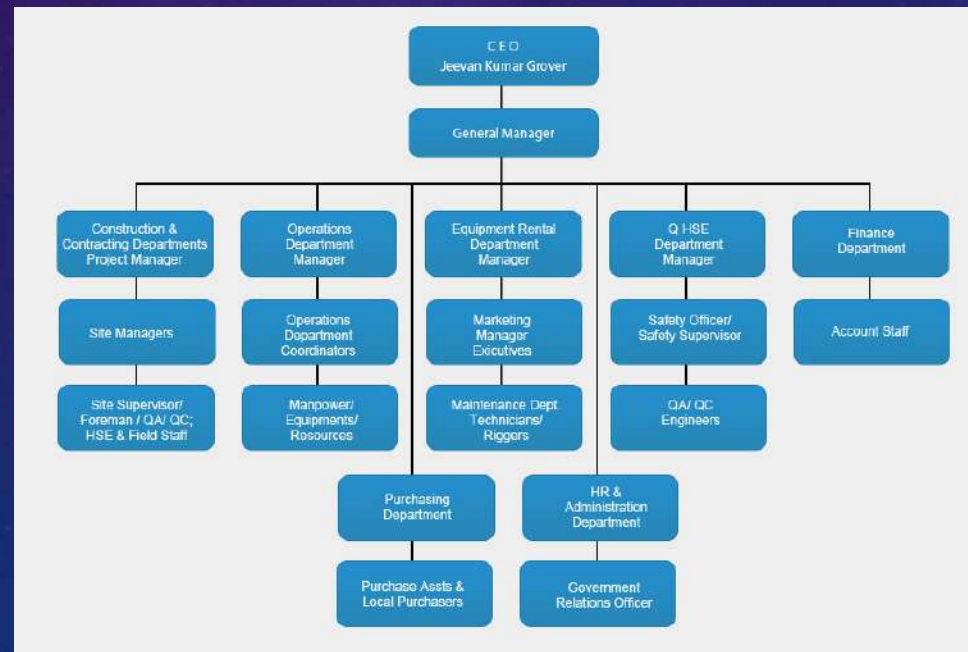
There are major changes taking place to the way most businesses organize their internal management structure. Traditionally, head offices housed all key personnel taking all important decisions. Now, more and more firms are using 'flatter' and more decentralized structures where decisions are taken anywhere else but at head office! Instead of all power being focused at the top of an organization there is now much more involvement and collaboration in decision making. Why are these changes happening?

- Employees are becoming better qualified and more knowledgeable – they do not want to work in formal hierarchies.
- Multinational organizations find that taking decisions centrally means they are not taking local or regional factors into account
- Communication systems are becoming more mobile and instantaneous, allowing workers to work in teams much more effectively.
- The old world was one of rigid and formal hierarchies. Today's world needs organizations that encourage and promote leaders who can push, convince and lead people to work in collaborative teams.

# WHAT IS HAPPENING TO ORGANIZATIONAL STRUCTURES?

## POINTS TO THINK ABOUT:

- Do we have an organizational structure at Molalla High School? Describe its main features.
- Why would taking all decisions at the head office be a 'safe' type of organization?
- What do you think would be the main benefits of encouraging leaders to work with employees in teams?







# ORGANIZATIONAL STRUCTURE

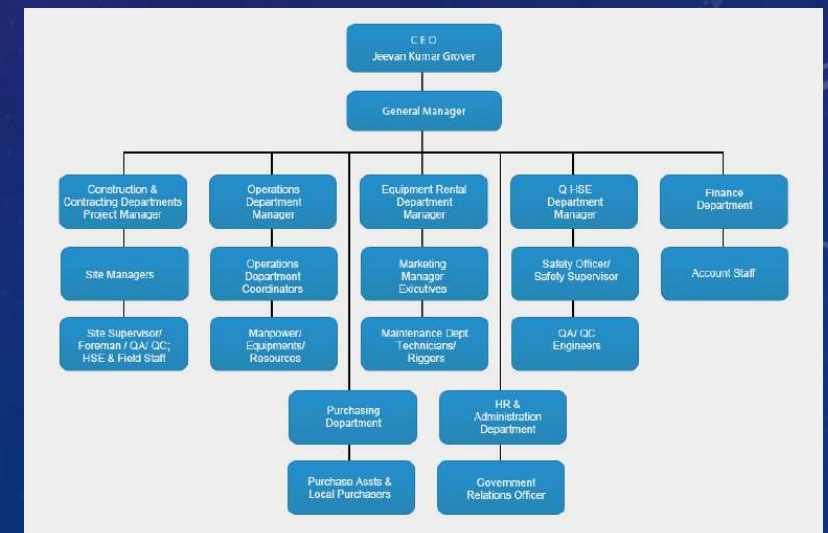
THE INTERNAL, FORMAL FRAMEWORK OF A BUSINESS THAT SHOWS THE WAY IN WHICH MANAGEMENT IS ORGANIZED AND LINKED TOGETHER AND HOW AUTHORITY IS PASSED THROUGH THE ORGANIZATION.



# LEVEL OF HIERARCHY

A STAGE OF THE ORGANIZATIONAL STRUCTURE AT WHICH THE PERSONNEL ON IT HAVE EQUAL STATUS AND AUTHORITY.

How many levels of hierarchy are on this organizational chart?



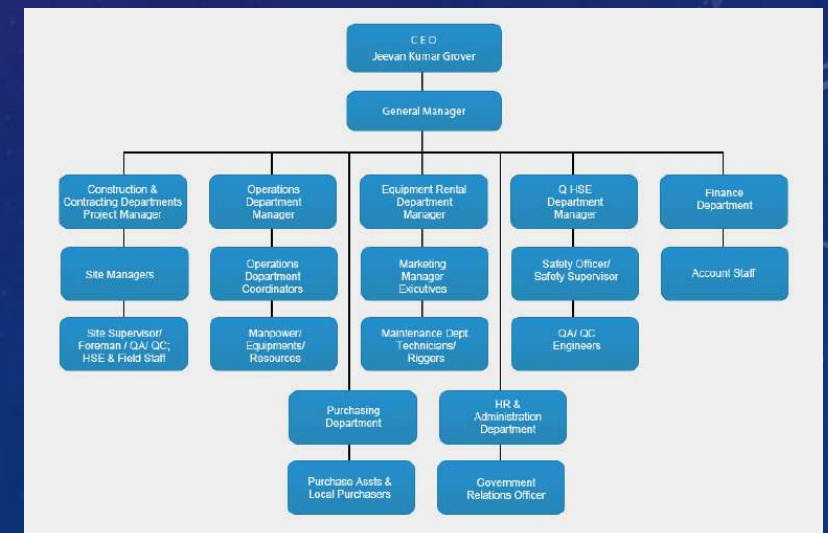


# CHAIN OF COMMAND

THIS IS THE ROUTE THROUGH WHICH AUTHORITY IS PASSED DOWN AN ORGANIZATION – FROM THE CHIEF EXECUTIVE AND THE BOARD OF DIRECTORS

Typically, instructions are passed down the hierarchy; information, for example about sales or output levels, is sent upwards. The taller the organizational structure, the longer will be the chain of command – slowing down communications.

How long is the chain of command on this chart?



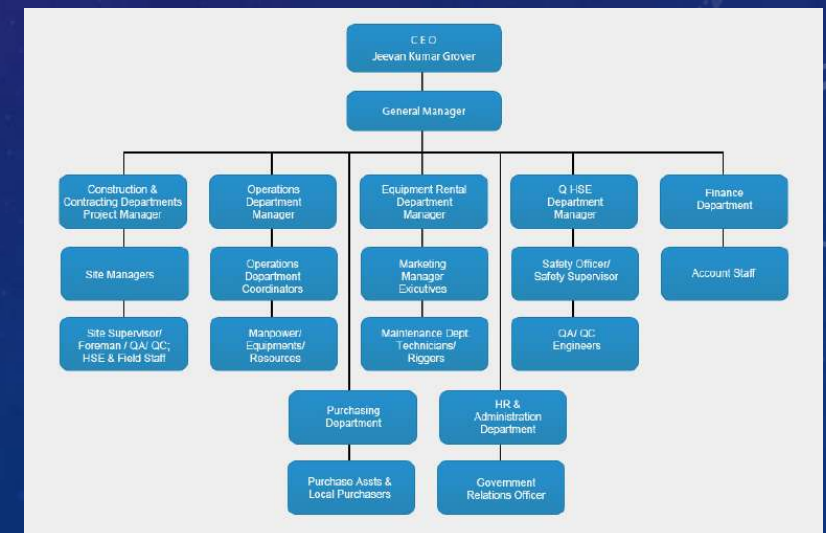


# SPAN OF CONTROL

THE NUMBER OF SUBORDINATES REPORTING DIRECTLY TO A MANAGER

Spans of control can be either wide – with a manager directly responsible for many subordinates – or narrow – a manager has direct responsibility for a few subordinates.

Is the span of control for the CEO wide or narrow?  
How about for the General Manager?





# DELEGATION

PASSING AUTHORITY DOWN THE ORGANIZATIONAL HIERARCHY



Advantages of delegation	Disadvantages of delegation
<ul style="list-style-type: none"><li>• Gives senior managers more time to focus on important, strategic roles</li><li>• Shows trust in subordinates and this can motivate and challenge them</li><li>• Develops and trains staff for more senior positions</li><li>• Helps staff to achieve fulfilment through their work (self-actualization).</li></ul>	<ul style="list-style-type: none"><li>• If the task is not well defined or if inadequate training is given, then delegation is unlikely to succeed</li><li>• Delegation will be unsuccessful if insufficient authority (power) is given to the subordinate who is performing the tasks.</li><li>• Managers may only delegate the boring jobs that they do not want to do – this will not be motivating.</li></ul>



# CENTRALIZATION

KEEPING ALL OF THE IMPORTANT DECISIONS MAKING POWERS WITHIN HEAD OFFICE OR THE CENTER OF THE ORGANIZATION



# DECENTRALIZATION

DECISION-MAKING POWERS ARE PASSED DOWN THE ORGANIZATION TO EMPOWER SUBORDINATES AND REGIONAL/PRODUCT MANAGERS.