

➤ What is an organizational structure?

An organizational structure describes the hierarchical structure within an organization. In other words, it defines each job, each function and where to report to within the organization. This structure is primarily important to understand how the organization operates. It also assists the organization to obtain its future goals with maximum benefit. Mainly, there are several different types of organizational structures such as tall structure, hierarchical structure, divisional structure, flat structure, matrix structure etc.

Before moving on, it should be mentioned that Pathao follows a flat organizational structure.

➤ What is a flat organizational structure?

A flat organizational structure is a structure that has few or no levels of middle management between staffs and executives. This structure eliminates middle management, thereby bringing the top management in direct contact with the frontline sales people and customers.

Name of the organization: Pathao



We recently interviewed the Management Trainee Officer of Pathao, Mr. Hanzalah Bin Sultan. The points discussed are as follows:

- a) What is Pathao?
- b) What is the corporate objective of Pathao?
- c) What is the organizational structure of Pathao?
- d) How does Pathao follow a flat organizational structure?
- e) What are the advantages of a flat organizational structure?
- f) What are the disadvantages of a flat organizational structure?

❖ Introduction:

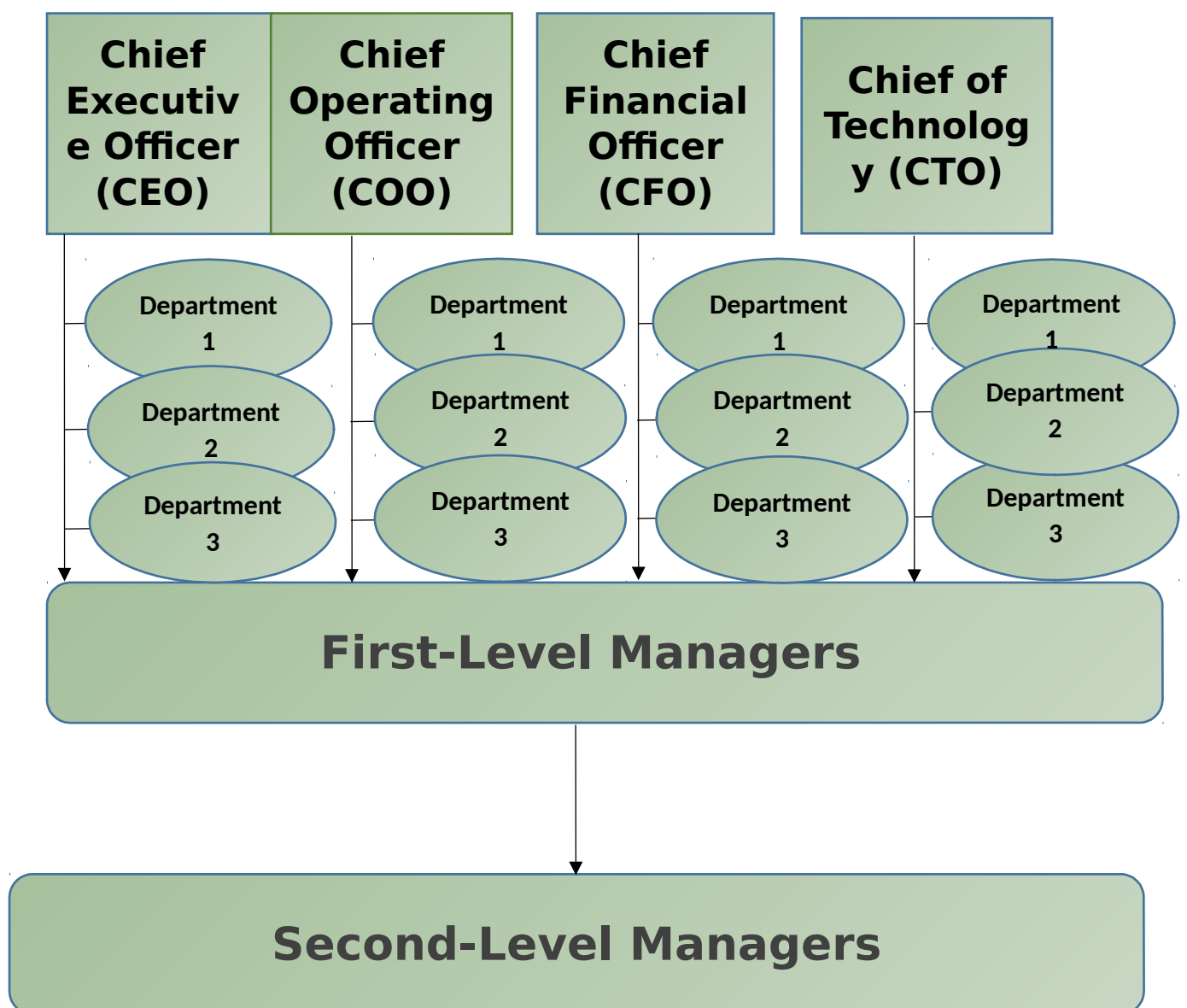
Pathao is a Bangladeshi food and transportation company in Bangladesh. It operates services in 3 main cities of the country: Dhaka, Chittagong and Sylhet along with several suburbs of Dhaka and Chittagong. Pathao has 4 large offices in Dhaka, 1 large office in Sylhet and Chittagong each. Pathao

started up as a small business with around 30 employees. Currently, it employs over 500 people and this number excludes the delivery agents and riders. Besides ride-sharing services, it has ventures in E-commerce, merchant, courier and food delivery services.

❖ **What is the corporate objective of Pathao?**

As the tagline of Pathao already mentions 'Moving Bangladesh', Pathao focuses on providing all sorts of services that involves transportation. It initially started as a delivery service back in 2015 when E-commerce was in rise. Gradually, the opportunities grew and Pathao emerged as a multidimensional organization that facilitated ride sharing, food delivery and courier service.

❖ **How does Pathao follow a flat organizational structure?**



Firstly, Pathao has two main departments:

- a) Tech Department: This department mainly consists of the tech-developers to maintain the website, the software application and virtual feedbacks received from different customers through the app.
- b) Product/Operational Department: The product delivery side is known as 'Fulfillment'. This section is again divided into different segments such as food delivery system and transportation system.

While Pathao does consist of traditional functional departments such as the finance department, marketing department, human resource department and so on, these functional departments also share common needs such as customer support. Pathao principally provides two services:

- a) Pathao Rides: This section primarily deals with the transportation system of customers via motor bikes and cars.
- b) Pathao Food: This section shoulders the responsibility of transporting food from one place to another. Thus, it mainly deals with food delivery.

At Pathao, there are 20 people in the management team. These are the first level of managers. They all report to the core team of Chief of Technology (CTO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and Chief Executive Officer (CEO). In the second level of managers, there are around 60 people working. Some of the top managers may have 10 different departments who report to them. Thus, these official managers have to manage different departments at the same time. Pathao does have a hierarchy but it is just to facilitate things. That is to say, the organization does not necessarily restrict itself to the hierarchy only. There are only around 5 people who work in Food. Then there are separate Food operations and Customer Service team, which are much larger. But at its core, it is just 5 managers. In courier service, Pathao has 7 managers who are spaced out into executives. Courier can get very complex because Pathao has at least 8 different hubs in Dhaka alone, with multiple more in Chittagong. In Rides, Pathao consists of about 10 managers. Thus, Pathao Rides has a much bigger operation. However, the employees report to one person only. That one person handles all the operations related to Rides. The same model is applied to Food.

According to Hussain M Elius, the founder and CEO of Pathao, "Some verticals are self-sufficient, some are not. Rides, for example, is a more mature vertical and pretty stable. Food is still new and growing so we are still setting up those teams." The employees at Pathao do not feel very isolated from the top workers because of the flat organization structure. They, too, feel like a

significant part of the company. This would not have been the case if Pathao had a narrow or tall organization structure with several different levels. Since Pathao has a flat organization structure, each manager has a large span of control which means each manager has to manage a lot of workers together. This can allow the manager to delegate some of the tasks to his workers which can allow him to have some breathing space at work. However, the manager cannot delegate all tasks to his workers and this can lead to him having to perform several tasks at the same time which can be exhausting and stress inducing.

- **Advantages of Flat Structure:**

- a) Since fewer people need to be consulted, this structure promotes faster decision making due to having less decision-making hoops.
- b) Flat organizational structure helps in an easy flow of communication by allowing the upper management to take direct input from employees, and vice versa. Thus, it avoids any sort of communication gap.
- c) This structure is relatively more cost-efficient because of having fewer management layers between the executive and the staff.

- **Disadvantages of Flat Structure:**

- a) When managers have too many people to manage every day, they may find it difficult to connect with their employees on a personal level, which is crucial in maintaining trust and monitoring employees' responsibility and accountability for the organization as a whole. As a result, the manager may have more on his plate than he can handle.
- b) An employee may go to work for a flat organization expecting to fulfill a defined role, but find out later that he or she needs to do many pieces of other jobs. This makes it hard for workers to focus on their tasks and specialize at their jobs. Thus, a problem of confusion of role inevitably takes place.
- c) While a flat organization structure may lessen the problems caused by unhealthy competition among employees, it makes it harder for ambitious workers to move up the ladder as there is very little room up there. This could easily erode motivation, giving people no reason to take the extra mile in their work.

❖ **Conclusion:**

Lastly, it can be concluded that despite some of the drawbacks of the organizational structures Pathao adopted, it is due to the fluidity of this management structure that has led Pathao to reach the success it owns today. As the largest food delivery service in Bangladesh in the span of just three months, Pathao has a lot to accredit to its flexible organizational system.

Bibliography:

- a) Interview with Mr. Hanzalah Bin Sultan, Management Trainee Officer, Pathao
- b) The Story Behind Pathao's Explosive Growth With Hussein M Elius, Founder and CEO, Pathao (<https://futurestartup.com/2018/06/10/the-story-behind-pathaos-explosive-growth-with-hussain-m-elius/>)