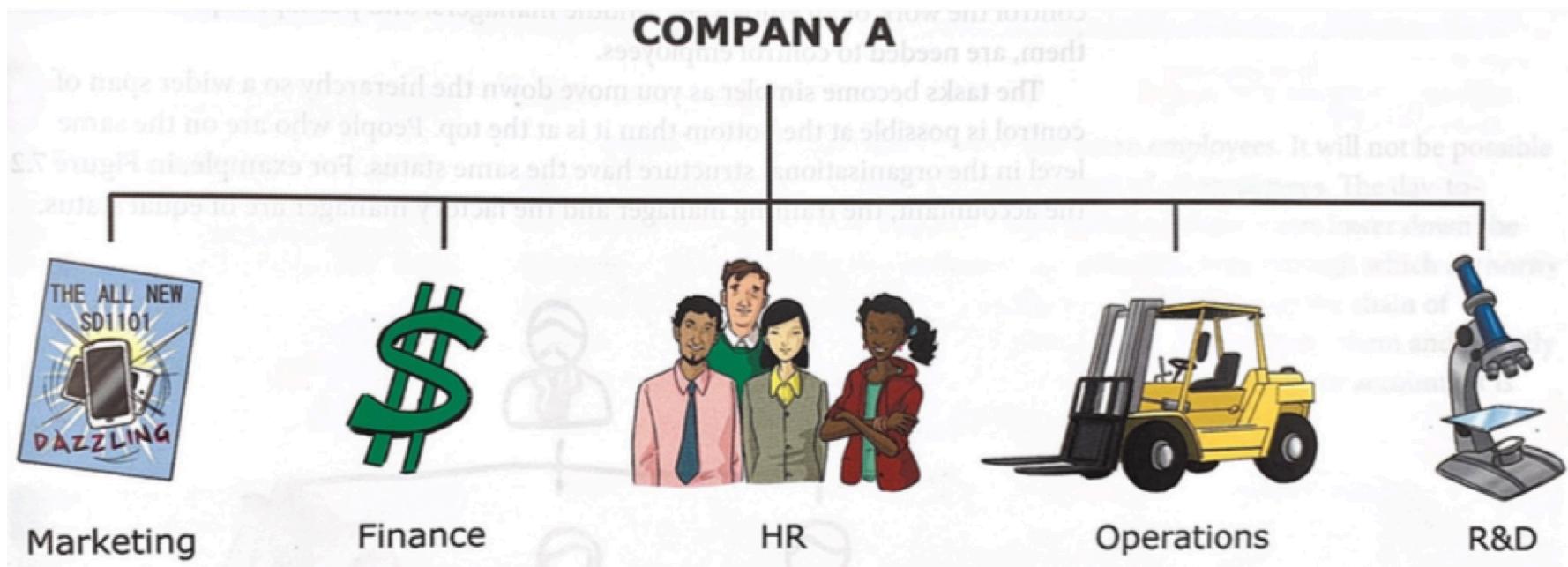


Organization and management

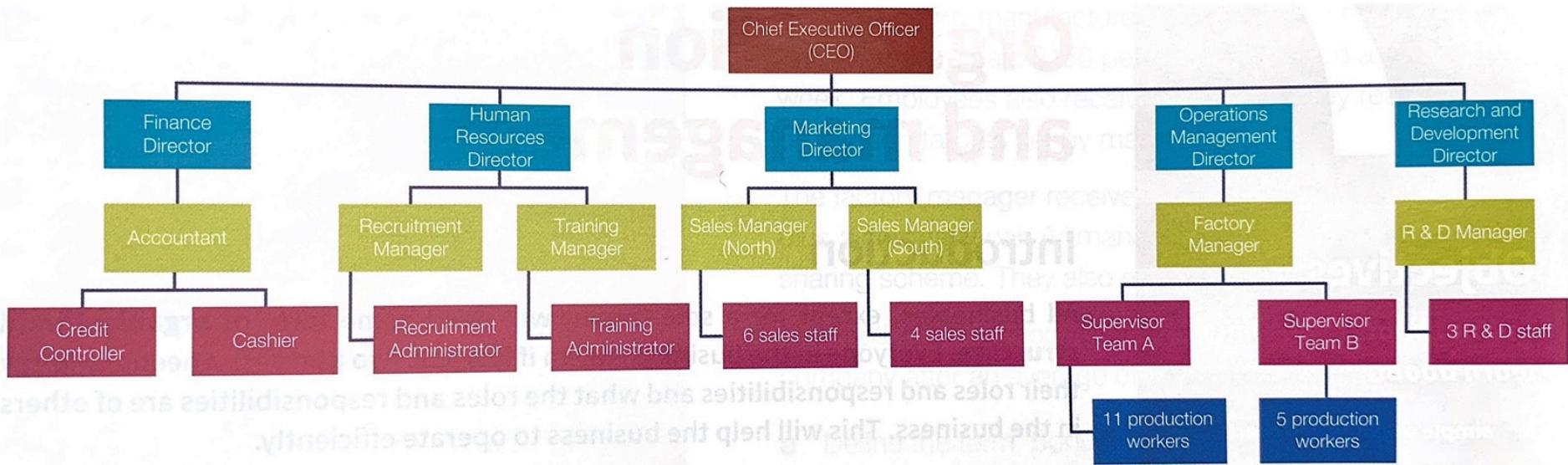
Minne Li

Simple organization charts

Organizational structure: the formal, internal framework of a business that shows how it is managed and organized



Simple organization charts

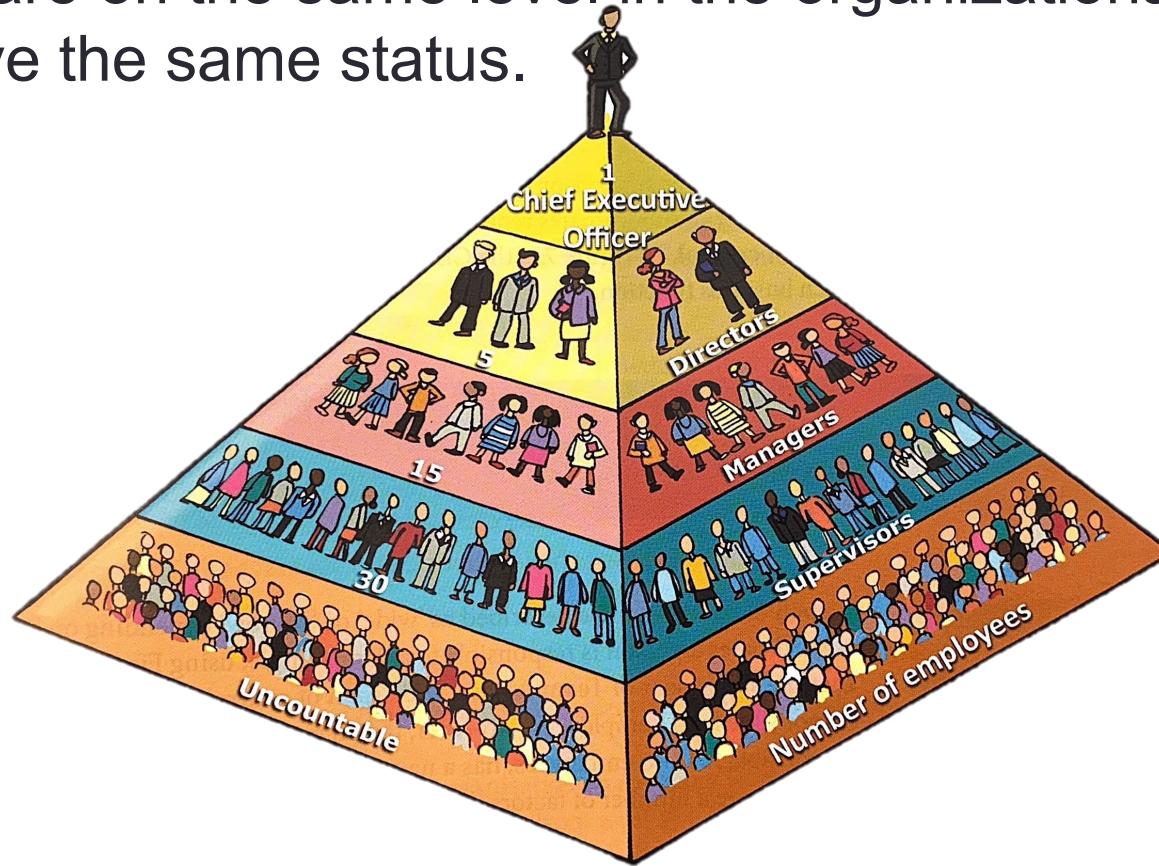


Simple hierarchical structures

Level of hierarchy

Hierarchy: the number of layers of formal authority in an organization

People who are on the same level in the organizational structure have the same status.



Simple hierarchical structures

Level of hierarchy

Page 90 Figure 7.2

1. How many levels of hierarchy?

2. Identify two other individuals who have the same status in the organizational structure, but who are not the same status as the factory manager.

Simple hierarchical structures

Chain of command

- Chain of command: the route through which authority is passed down through an organization from the top
- The chain of command can be **short** (few levels) or **long** (many levels).
- Each person in the chain of command is directly responsible **to** the person immediately **above** them and directly responsible **for** the person(s) directly **below** them

Simple hierarchical structures

Chain of command

Using Figure 7.2, which of the following statements is correct?

- A. The recruitment manager is directly responsible to the recruitment administrator
- B. The recruitment manager is directly responsible for the human resource director
- C. The recruitment administrator is directly responsible to the human resource director
- D. The recruitment manager is directly responsible to the human resource director

Simple hierarchical structures

Span of control

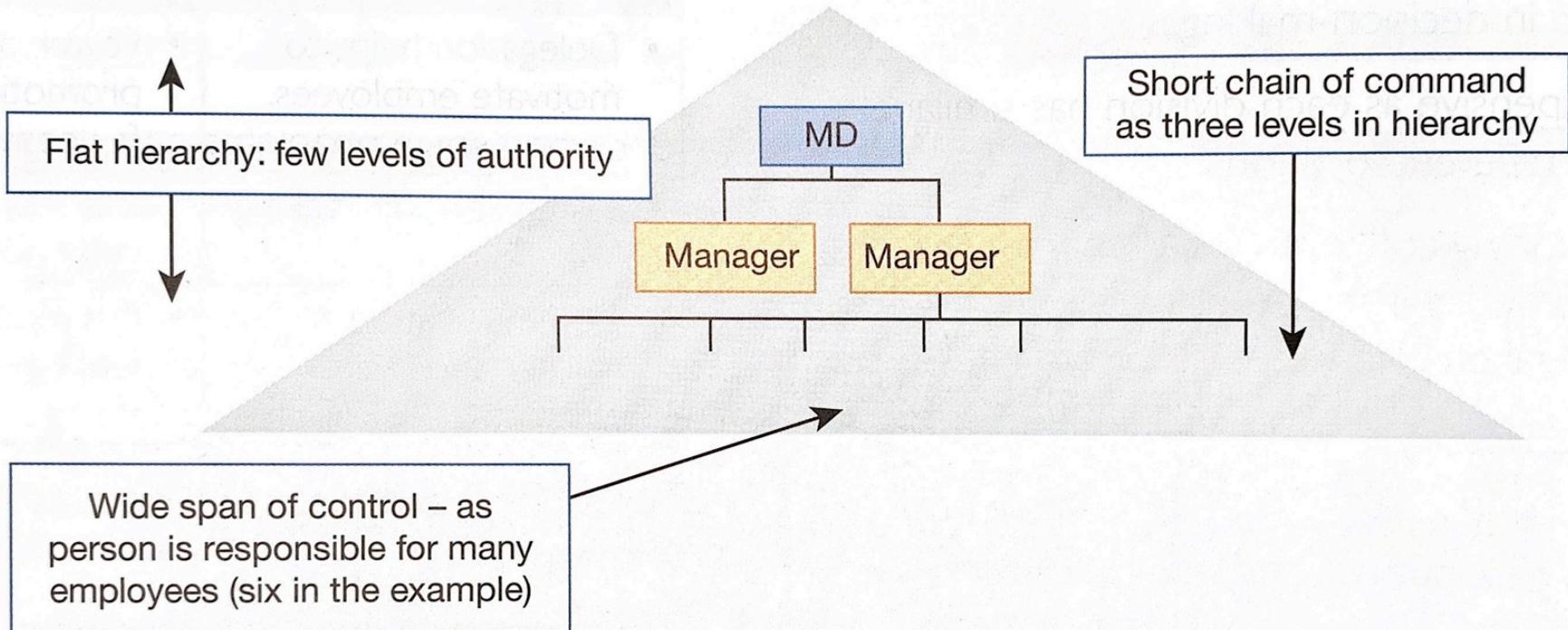
- **Subordinate:** an employee who is **below** another employee in the organization's hierarchy
- **Span of control:** the number of subordinates directly reporting to each supervisor/managers
- It can be **wide** (less control) or **narrow** (greater control).



In Figure 7.2, who has exactly the same size of direct span of control as the CEO?

Tall or flat?

Organisation 1



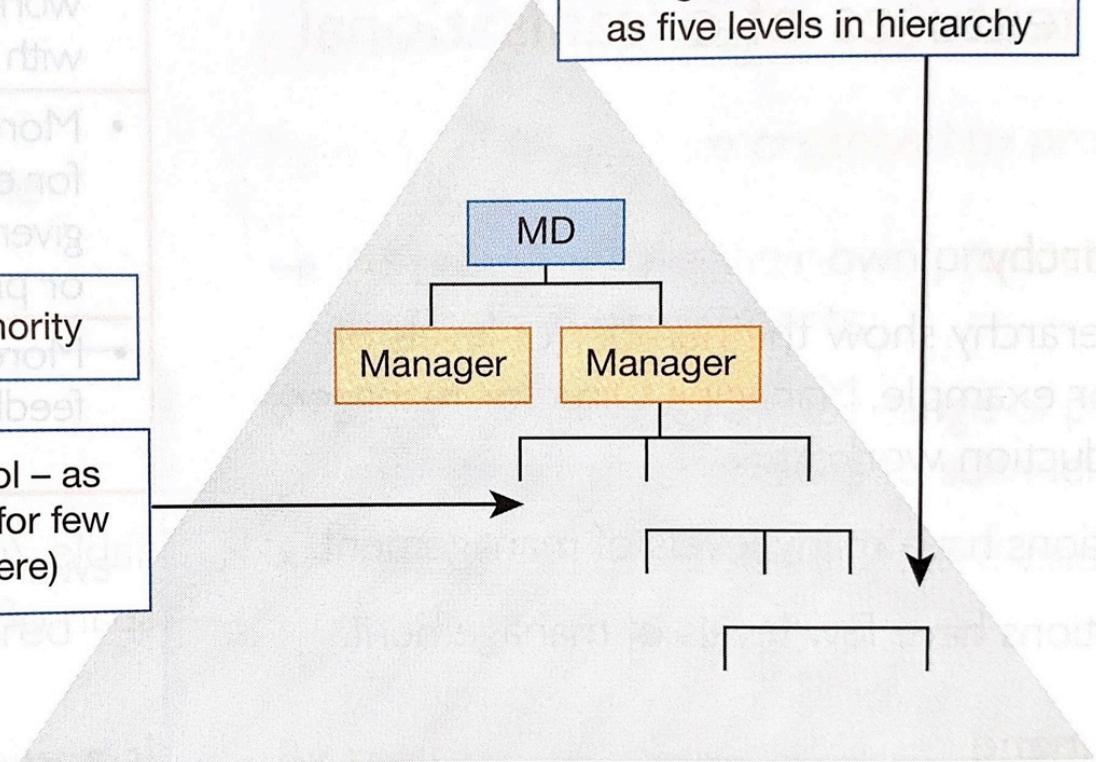
Tall or flat?

Organisation 2

Tall hierarchy: many levels of authority

Narrow span of control – as person is responsible for few employees (three here)

Long chain of command as five levels in hierarchy



Roles, responsibility and inter-relationship

Directors and CEO

- Setting strategy – the long term plans for the business
- Making sure that resources are available to achieve objectives
- Reviewing the performance of managers
- Protecting the interests of shareholders and other stakeholders
- Providing leadership to ensure the success of the business

Roles, responsibility and inter-relationship

Managers

- Making sure that the decisions of the directors are carried out
- Delegating tasks to members of their department
- Taking the decisions needed to achieve departmental targets
- Motivating employees in the department so that they work hard to achieve the department's and company's objectives
- Solving day-to-day problems that may arise within the department

Roles, responsibility and inter-relationship

Supervisors and employees

- Complete their tasks efficiently and at the required quality standard set by managers
- Work towards achieving individual, group or departmental targets.

Activity

Sam's Fruit is a large company selling juice drinks around the world. The company is controlled by a managing director. There are four departments: purchasing, finance, sales and human resources. Each department has a manager who is responsible for a number of employees. The purchasing manager is in charge of two employees, finance has five employees, sales has four employees and human resources has three employees.

- 1 Draw an organizational chart to show how Sam's Fruit's business is arranged.
- 2 How many levels are there in this business's hierarchy?
- 3 For each manager, state what their span of control is.
- 4 Would you say the managers have a wide or a narrow span of control?

Group work

Produce an organization chart for your business.

Use your diagram to explain levels of hierarchy, chain of command and span of control

State each person's role and responsibility

