

ISM101 – Information Systems Management

Participation Exercise #1

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1. What is the definition of organizational structure, and why is it important for businesses?

Organizational structure refers to how an organization arranges its resources, tasks and responsibilities to achieve its goals.

Organization structure is important for business because it defines who reports to whom and who is responsible for what within a company.

Understand the team formation (organizational structure) who plays where and how they should interact on the field. Leaders specifically must understand organizational structure to optimize teamwork and productivity.

2. Can you give an example of a company with a hierarchical organizational structure and explain how it works?

Take Prosus Group as an example as a hierarchical organization that is a company with a clear chain of command on the top levels like: CEO and senior executives (like the CFO, COO, etc.) are at the top, setting the overall strategic direction and making major company-wide decisions; middle Management - department heads and division leaders (e.g., heads of energy, healthcare, aviation) manage specific business units, oversee operations in their divisions, and report to the senior executives; lower Management - regional managers or functional managers (e.g., marketing managers, operations managers) are responsible for ensuring that company policies are followed at the operational level, managing teams, and meeting department goals and employees - Staff members working in various departments (e.g., engineers, technicians, salespeople) perform the day-to-day tasks necessary for running the business.

This hierarchical structure allows a clear definition of roles, responsibilities, and lines of authority. Decision-making tends to flow from the top down, with senior management setting strategic goals, which are then implemented by middle and lower management. It also facilitates accountability at each level, ensuring that performance is aligned with company objectives.

3. What are the benefits of cross-functional collaboration in organizations?

Cross-functional collaboration improves innovation, problem-solving, and decision-making by bringing diverse perspectives. It increases efficiency,

strengthens communication, and promotes employee development, leading to better overall performance and alignment within the organization. Team bring together various expertise which enhances problem-solving and innovation, facilitate problem solving and making decision, improve quality due different perspectives and enhance communication

4. What are the advantages and disadvantages of functional business units within an organization?

In functional business units the company is splitted in areas or departments and the employees are grouped by areas of expertise (e.g., marketing, finance, HR), and each department has its own hierarchy. This functional structure came both drawbacks and advantages.

Advantages:

- Allows that employees became specialized in a their specific area;
- Increase the efficiency since the focus on an specific area
- It has a clair chain of command, facilitating the decision making
- Easier training employees within specific roles.

Brawbacks

- Functions Business units can easily create silos making communication difficult between the departments
- The employees need to deal with lack of alignments and noise environment
- Difficulty to see the “Big Picture”, even to seniors and middle leaders, since they only see their departments
- Functional units may resist changes that disrupt their established processes.

5. How does hierarchy in a business unit impact decision-making, and what is its significance in organizational management?

Hierarchy in a business unit impacts decision-making by defining clear lines of authority and responsibility. In a hierarchical structure, decisions typically flow from top to bottom (chain of command), with the top levels like making strategic choices and lower levels handling operational decisions. This can lead to more centralized control, ensuring consistency and alignment with organizational goals.

The significance in organizational management lies in ensuring accountability, clarifying roles, and maintaining order. It helps streamline processes, but may also slow decision-making and reduce flexibility due to layers of approval.