management

ninth edition

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Chapter
10
Organizational Structure and Design

PEARSON
Prentice Hall

**PowerPoint Presentation by Charlie Cook
The University of West Alabama**

LEARNING OUTLINE

Follow this Learning Outline as you read and study this chapter.

Defining Organizational Structure

- Discuss the traditional and contemporary views of work specialization, chain of command, and span of control.

- Describe each of the five forms of departmentalization.

- Explain cross-functional teams.

- Differentiate, authority, responsibility, and unity of command.

- Tell what factors influence the amount of centralization and decentralization.

- Explain how formalization is used in organizational design.

LEARNING OUTLINE (cont'd)

Follow this Learning Outline as you read and study this chapter.

Organizational Design Decisions

- Contrast mechanistic and organic organizations.

- Explain the relationship between strategy and structure.

- Tell how organizational size affects organizational design.

- Discuss Woodward's findings on the relationship of technology and structure.

- Explain how environmental uncertainty affects organizational design.

LEARNING OUTLINE (cont'd)

Follow this Learning Outline as you read and study this chapter.

Common Organizational Designs

- Contrast the three traditional organizational designs.

- Explain team, matrix, and project structures.

- Describe the design of virtual and network organizations.

- Discuss the organizational design challenges facing managers today.

Defining Organizational Structure

❑The basic concepts of organization design formulated by early management writers, such as Henri Fayol and Max Weber, offered structural principles for managers to follow.

❑Over 90 years have passed since many of those principles were originally proposed.

❑For the most part, they still provide valuable insights into designing effective and efficient organizations.

Defining Organizational Structure

❑**Organizing** is defined as arranging and structuring work to accomplish organizational goals. It's an important process during which managers design an organization's structure.

❑**Organizational structure** is the formal arrangement of jobs within an organization. This structure, which can be shown visually in an organizational chart, also serves many purposes.

❑When managers create or change the structure, they're engaged in **organizational design**, a process that involves decisions about six key elements.

Defining Organizational Structure

- Organizational Structure

  - The formal arrangement of jobs within an organization.

- Organizational Design

  - A process involving decisions about six key elements:

    - ❖ Work specialization

    - ❖ Departmentalization

    - ❖ Chain of command

    - ❖ Span of control

    - ❖ Centralization and decentralization

    - ❖ Formalization

Exhibit 10–1   Purposes of Organizing

- **Divides work to be done into specific jobs and departments.**

- **Assigns tasks and responsibilities associated with individual jobs.**

- **Coordinates diverse organizational tasks.**

- **Clusters jobs into units.**

- **Establishes relationships among individuals, groups, and departments.**

- **Establishes formal lines of authority.**

- **Allocates and deploys organizational resources.**

Organizational Structure
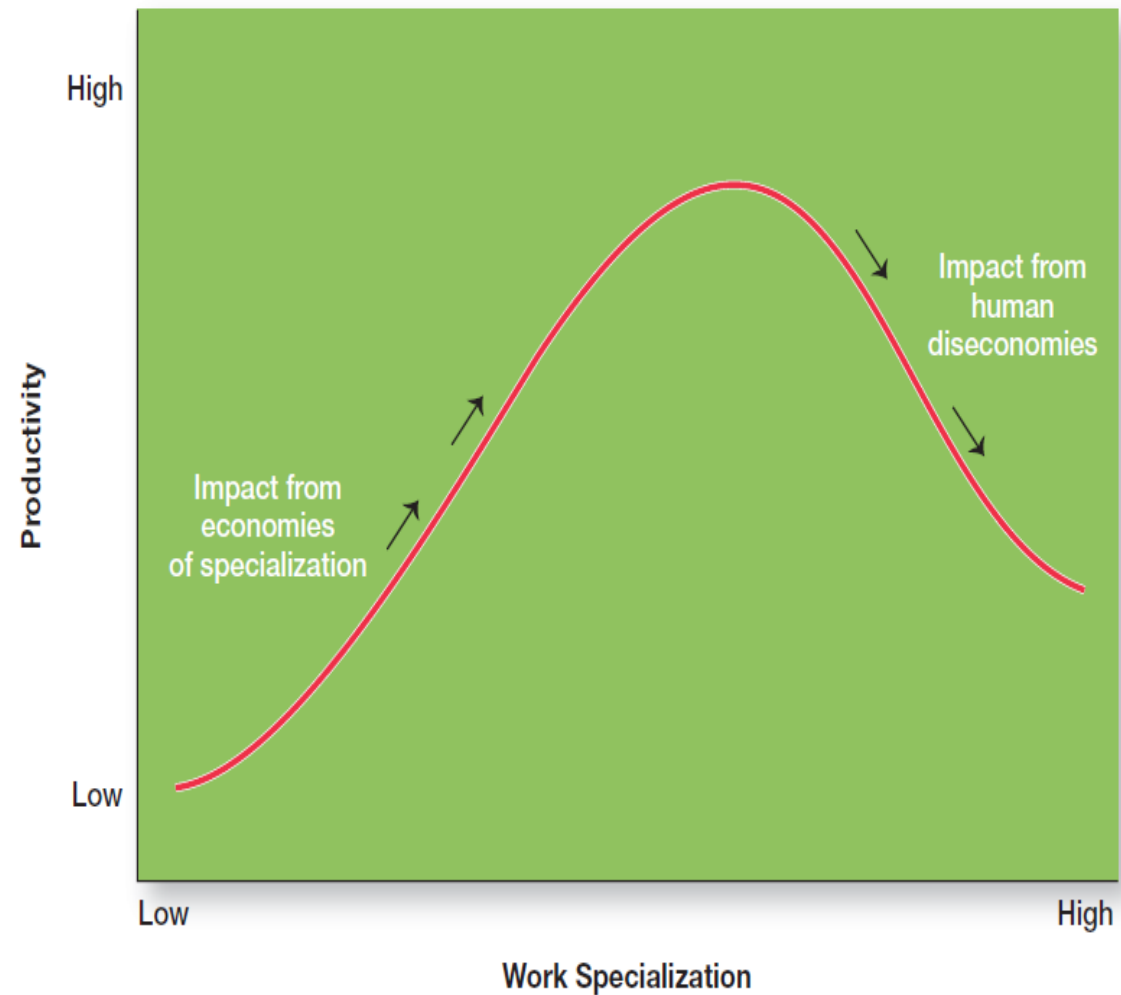
- ## Work Specialization

  - ➤ The degree to which tasks in the organization are divided into separate jobs with each step completed by a different person.

  - ➤ Overspecialization can result in human diseconomies from boredom, fatigue, stress, poor quality, increased absenteeism, and higher turnover.
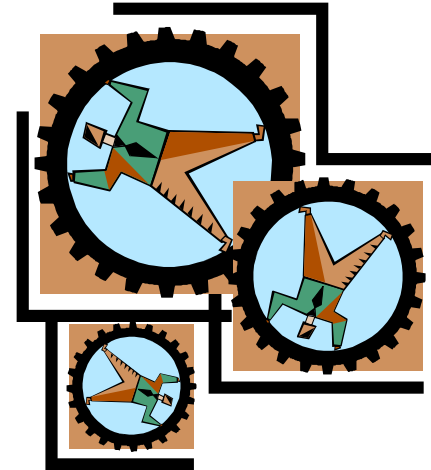
Work Specialization

EXHIBIT 10-2

Economies and Diseconomies of Work Specialization

Work Specialization

- Work specialization makes efficient use of the diversity of skills that workers have.

- In most organizations, some tasks require highly developed skills; others can be performed by employees with lower skill levels.

- If all workers were engaged in all the steps of, say, a manufacturing process, all would need the skills necessary to perform both the most demanding and the least demanding jobs.

- Thus, except when performing the most highly skilled or highly sophisticated tasks, employees would be working below their skill levels.

- In addition, skilled workers are paid more than unskilled workers, and, because wages tend to reflect the highest level of skill, all workers would be paid at highly skilled rates to do easy tasks—an inefficient use of resources.

Today's View

- **Most managers today continue to see work specialization as important because it helps employees be more efficient.**

  - ✓ **McDonald's uses high work specialization to get its products made and delivered to customers efficiently and quickly— that's why it's called "fast" food.**

  - ✓ **One person takes orders at the drive-through window, others cook and assemble the hamburgers, another works the fryer, another gets the drinks, other bags orders, and so forth.**

  - ✓ **Such single-minded focus on maximizing efficiency has contributed to increasing productivity.**

- **At some point, however, work specialization no longer leads to productivity.**

  - ✓ **Companies such as Avery-Dennison, Ford Australia, Hallmark, and American Express use minimal work specialization and instead give employees a broad range of tasks to do.**

Departmentalization

❑ **After deciding what job tasks will be done by whom, common work activities need to be grouped back together so work gets done in a coordinated and integrated way.**

❑ **How jobs are grouped together is called departmentalization.**

Departmentalization by Type

- **Functional**
  - ➤ **Grouping jobs by functions performed**
- **Product**
  - ➤ **Grouping jobs by product line**
- **Geographical**
  - ➤ **Grouping jobs on the basis of territory or geography**

- **Process**
  - ➤ **Grouping jobs on the basis of product or customer flow**
- **Customer**
  - ➤ **Grouping jobs by type of customer and needs**

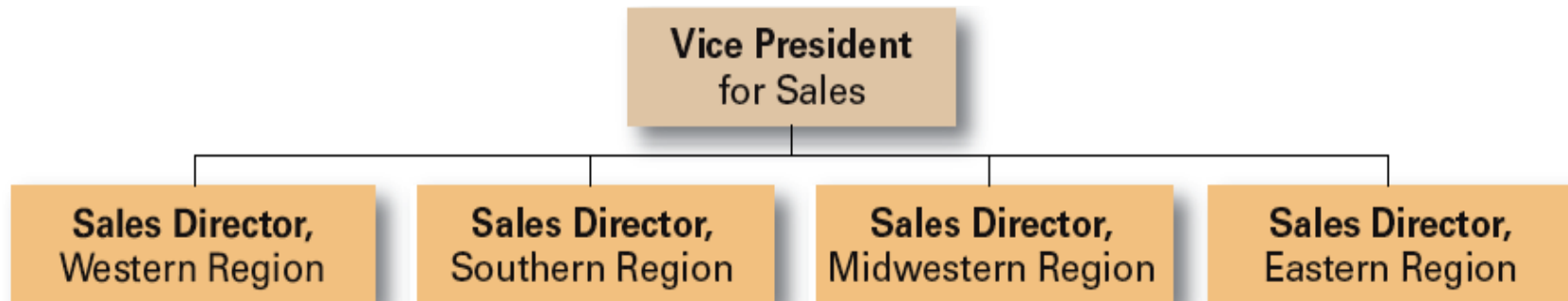# Exhibit 10–2   Functional Departmentalization
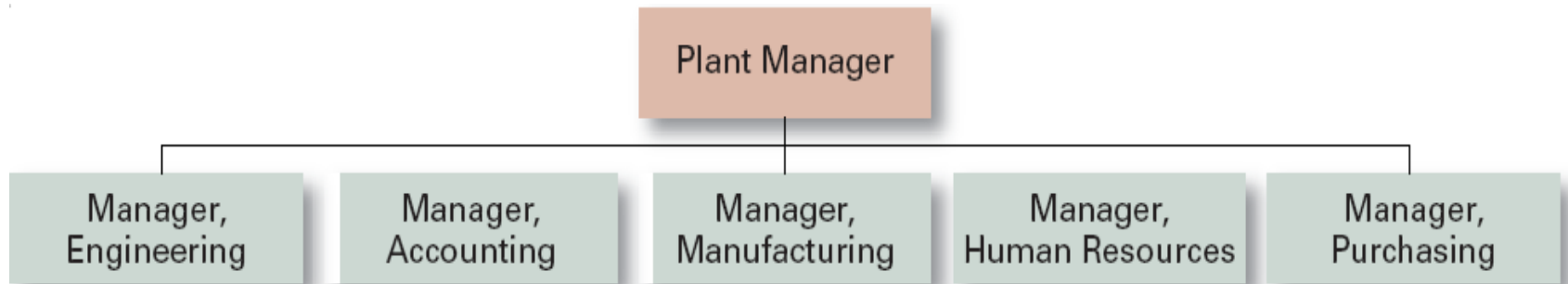
- **Advantages**
  - **Efficiencies from putting together similar specialties and people with common skills, knowledge, and orientations**
  - **Coordination within functional area**
  - **In-depth specialization**
- **Disadvantages**
  - **Poor communication across functional areas**
  - **Limited view of organizational goals**

Exhibit 10–2 (cont'd)   Geographical Departmentalization

```
                        ┌──────────────────┐
                        │  Vice President  │
                        │    for Sales     │
                        └──────────────────┘
        ┌───────────────────┬──────┴──────┬───────────────────┐
┌───────────────┐  ┌───────────────┐  ┌───────────────┐  ┌───────────────┐
│ Sales Director,│  │ Sales Director,│  │ Sales Director,│  │ Sales Director,│
│ Western Region │  │ Southern Region│  │Midwestern Region│  │ Eastern Region │
└───────────────┘  └───────────────┘  └───────────────┘  └───────────────┘
```
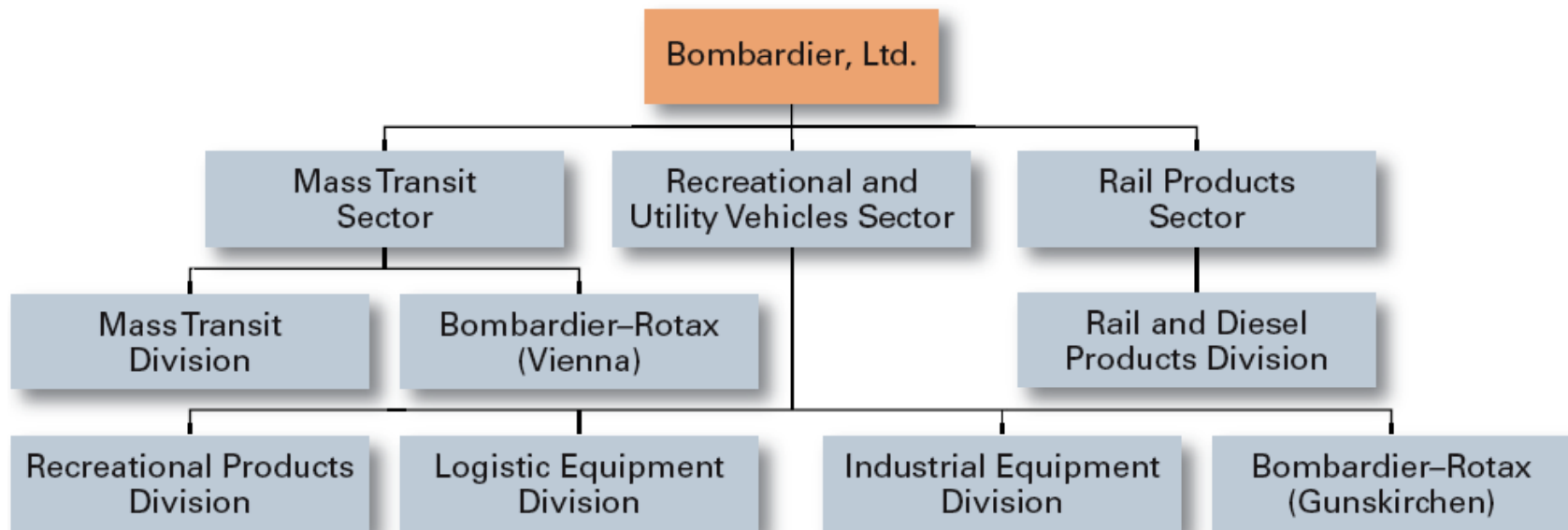
- **Advantages**
  - **More effective and efficient handling of specific regional issues that arise**
  - **Serve needs of unique geographic markets better**
- **Disadvantages**
  - **Duplication of functions**
  - **Can feel isolated from other organizational areas**

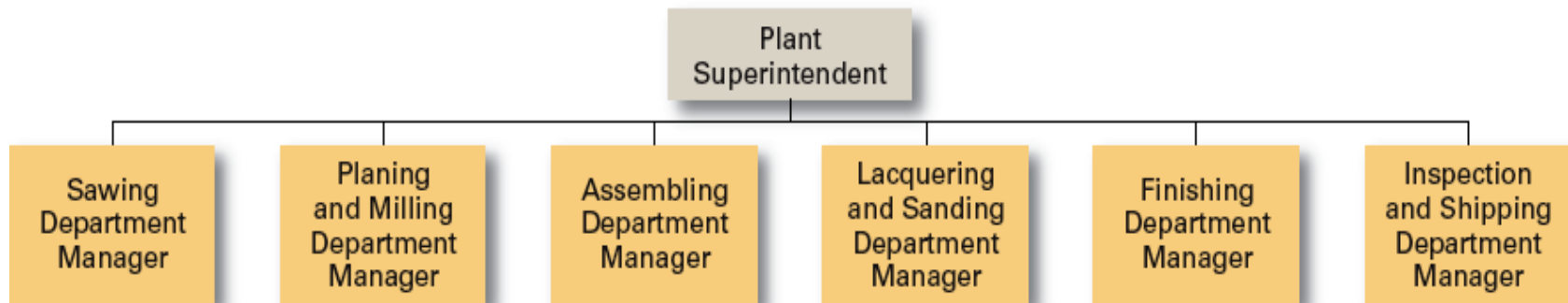# Exhibit 10–2 (cont'd)   Product Departmentalization

```
                         ┌─────────────────┐
                         │ Bombardier, Ltd.│
                         └────────┬────────┘
        ┌─────────────────────────┼─────────────────────────┐
┌───────────────┐      ┌───────────────────────┐      ┌───────────────┐
│ Mass Transit  │      │ Recreational and      │      │ Rail Products │
│ Sector        │      │ Utility Vehicles Sector│      │ Sector        │
└───────┬───────┘      └───────────┬───────────┘      └───────┬───────┘
   ┌────┴────┐                     │                          │
┌──────────┐ ┌──────────────┐              ┌──────────────────────────┐
│Mass Transit│ │Bombardier–Rotax│            │ Rail and Diesel          │
│Division   │ │(Vienna)      │              │ Products Division        │
└──────────┘ └──────────────┘              └──────────────────────────┘
   ┌─────────────┬───────────┴─────────────┬─────────────┐
┌──────────────┐ ┌──────────────┐ ┌──────────────────┐ ┌──────────────────┐
│Recreational  │ │Logistic      │ │Industrial        │ │Bombardier–Rotax  │
│Products      │ │Equipment     │ │Equipment         │ │(Gunskirchen)     │
│Division      │ │Division      │ │Division          │ │                  │
└──────────────┘ └──────────────┘ └──────────────────┘ └──────────────────┘
```

+ **Allows specialization in particular products and services**
+ **Managers can become experts in their industry**
+ **Closer to customers**
– **Duplication of functions**
– **Limited view of organizational goals**
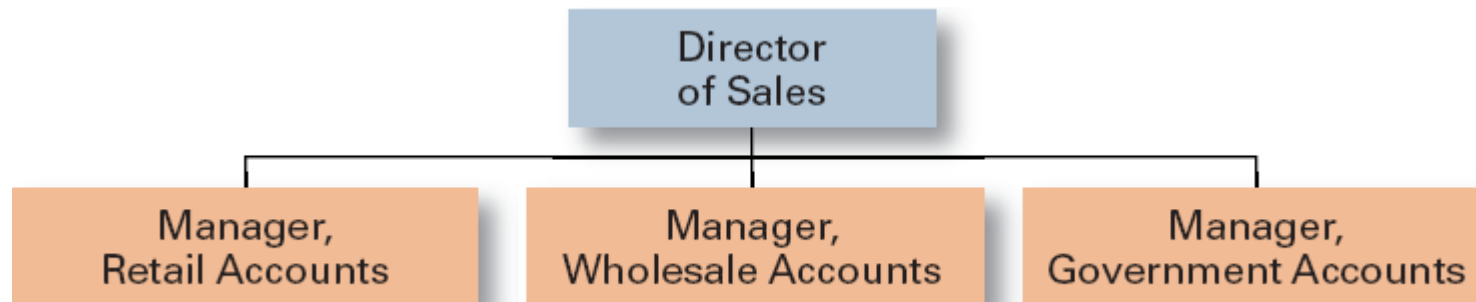
Exhibit 10–2 (cont'd)   Process Departmentalization

```
                          ┌──────────────┐
                          │    Plant     │
                          │ Superintendent│
                          └──────┬───────┘
   ┌─────────┬─────────┬────────┼─────────┬─────────┬─────────┐
┌──────┐ ┌────────┐ ┌────────┐ ┌────────┐ ┌────────┐ ┌──────────┐
│Sawing│ │Planing │ │Assembling│ │Lacquering│ │Finishing│ │Inspection│
│Dept. │ │and     │ │Dept.   │ │and     │ │Dept.   │ │and       │
│Manager│ │Milling │ │Manager │ │Sanding │ │Manager │ │Shipping  │
│       │ │Dept.   │ │        │ │Dept.   │ │        │ │Dept.     │
│       │ │Manager │ │        │ │Manager │ │        │ │Manager   │
└──────┘ └────────┘ └────────┘ └────────┘ └────────┘ └──────────┘
```

+ More efficient flow of work activities

– Can only be used with certain types of products

Exhibit 10–2 (cont'd)   Customer Departmentalization

```
                    ┌─────────────┐
                    │  Director   │
                    │  of Sales   │
                    └──────┬──────┘
        ┌──────────────────┼──────────────────┐
┌───────────────┐  ┌───────────────┐  ┌────────────────────┐
│   Manager,    │  │   Manager,    │  │     Manager,       │
│Retail Accounts│  │Wholesale Accounts│ │Government Accounts │
└───────────────┘  └───────────────┘  └────────────────────┘
```

+ Customers' needs and problems can be met by specialists

- Duplication of functions

- Limited view of organizational goals

Today's View

❑ **Most large organizations continue to use combinations of most or all of these types of departmentalization.**

✓ **For example, a major Japanese electronics firm organizes its divisions along functional lines, its manufacturing units around processes, its sales units around seven geographic regions, and its sales regions into four customer groupings.**

✓ **Black & Decker organizes its divisions along functional lines, its manufacturing units around processes, its sales around geographic regions, and its sales regions around customer groupings.**

Today's View…….

❑ **One popular departmentalization trend is the increasing use of customer departmentalization.**

❑ **Because getting and keeping customers is essential for success, this approach works well because it emphasizes monitoring and responding to changes in customers' needs.**

Today's View…….

❑Another popular trend is the use of teams, especially as work tasks have become more complex and diverse skills are needed to accomplish those tasks.

❑One specific type of team that more organizations are using is a **cross-functional team**, which is a work team composed of individuals from various functional specialties.

❑For instance, at Ford's material planning and logistics division, a cross-functional team of employees from the company's finance, purchasing, engineering, and quality control areas, along with representatives from outside logistics suppliers, has developed several work improvement ideas.

Organization Structure (cont'd)

- ## Chain of Command

  - ➤ The continuous line of authority that extends from upper levels of an organization to the lowest levels of the organization and clarifies who reports to who.

Chain of Command

❑ **Managers need to consider it when organizing work because it helps employees with questions such as "Who do I report to?" or "Who do I go to if I have a problem?"**

❑ **To understand the chain of command, three other important concepts need to be understood: authority, responsibility, and unity of command.**

Authority

➢ Authority refers to the rights inherent in a managerial position to tell people what to do and to expect them to do it.

➢ Managers in the chain of command had authority to do their job of coordinating and overseeing the work of others.

➢ Authority could be delegated downward to lower-level managers, giving them certain rights while also prescribing certain limits within which to operate.

➢ Authority was related to one's position within an organization and had nothing to do with the personal characteristics of an individual manager.

➢ The rights and power inherent in one's formal organizational position were the sole source of influence and that if an order was given, it would be obeyed.

Acceptance Theory of Authority

➢ **According to Chester Barnard, authority comes from the willingness of subordinates to accept it. If an employee didn't accept a manager's order, there was no authority.**

➢ **Barnard contended that subordinates would accept orders only if the following conditions are satisfied:**

1. **They understand the order.**

2. **They feel the order is consistent with the organization's purpose.**

3. **The order does not conflict with their personal beliefs.**

4. **They can perform the task as directed.**

Line and Staff Authority

➢ **Line authority** entitles a manager to direct the work of an employee.

➢ It is the employer–employee authority relationship that extends from the top of the organization to the lowest echelon, according to the chain of command.

➢ As a link in the chain of command, a manager with line authority has the right to direct the work of employees and to make certain decisions without consulting anyone.

➢ As organizations get larger and more complex, line managers find that they do not have the time, expertise, or resources to get their jobs done effectively.

➢ In response, they create **staff authority** functions to support, assist, advise, and generally reduce some of their informational burdens.

➢ For instance, a hospital administrator who cannot effectively handle the purchasing of all the supplies the hospital needs creates a purchasing department, which is a **staff function**.

Responsibility

➢ **When managers use their authority to assign work to employees, those employees take on an obligation to perform those assigned duties.**

➢ **This obligation or expectation to perform is known as responsibility.**

➢ **Employees should be held accountable for their performance.**

➢ **Assigning work authority without responsibility and accountability can create opportunities for abuse.**

➢ **Likewise, no one should be held responsible or accountable for work tasks over which he or she has no authority to complete those tasks.**

Unity of Command

➢ The **unity of command** principle states that a person should report to only one manager.

➢ Without unity of command, conflicting demands from multiple bosses may create problems as it did for Damian Birkel, a merchandising manager in the Fuller Brands division of CPAC, Inc.

➢ He found himself reporting to two bosses—one in charge of the department-store business and the other in charge of discount chains.

➢ Birkel tried to minimize the conflict by making a combined to-do list that he would update and change as work tasks changed.

Today's View

➢ **Although early management theorists believed that chain of command, authority (line and staff), responsibility, and unity of command were essential, these elements are far less important today.**

✓ **For example, at the Michelin plant in Tours, France, managers have replaced the top-down chain of command with "birdhouse" meetings, in which employees meet for five minutes at regular intervals throughout the day at a column on the shop floor and study simple tables and charts to identify production bottlenecks. Instead of being bosses, shop managers are enablers.**

✓ **Employees can access information that used to be available only to managers in a matter of a few seconds. It also means that employees can communicate with anyone else in the organization without going through the chain of command.**

Span of Control

➢ **How many employees can a manager efficiently and effectively manage? That's what span of control is all about.**

➢ **The traditional view was that managers could not—and should not— directly supervise more than five or six subordinates.**

➢ **Determining the span of control is important because to a large degree, it determines the number of levels and managers in an organization—an important consideration in how efficient an organization will be.**

➢ **All other things being equal, the wider or larger the span, the more efficient an organization is.**

Organization Structure (cont'd)

- ## Span of Control

  - The number of employees who can be effectively and efficiently supervised by a manager.

  - Width of span is affected by:

    - ❖ Skills and abilities of the manager

    - ❖ Employee characteristics

    - ❖ Characteristics of the work being done

    - ❖ Similarity of tasks

    - ❖ Complexity of tasks

    - ❖ Physical proximity of subordinates

    - ❖ Standardization of tasks

Exhibit 10–3   Contrasting Spans of Control

Members at Each Level

Organizational Level	(Highest) Assuming Span of 4	Assuming Span of 8
	1	1
2	4	8
	16	64
4	64	512
	256	4,096
6	1,024	
	4,096	
(Lowest)		

Span of 4:
Employees: = 4,096
Managers (level 1–6) = 1,365

Span of 8:
Employees: = 4,096
Managers (level 1–4) =   585

Span of Control

➢ **The trend in recent years has been toward larger spans of control, which is consistent with managers' efforts to speed up decision making, increase flexibility, get closer to customers, empower employees, and reduce costs.**

➢ **Managers are beginning to recognize that they can handle a wider span when employees know their jobs well and when those employees understand organizational processes.**

✓ **For instance, at PepsiCo's Gamesa cookie plant in Mexico, 56 employees now report to each manager.**

✓ **However, to ensure that performance doesn't suffer because of these wider spans, employees were thoroughly briefed on company goals and processes.**

✓ **Also, new pay systems reward quality, service, productivity, and teamwork.**

Span of Control…….

➢ **Assume two organizations, both of which have approximately 4,100 employees.**

➢ **If one organization has a span of four and the other a span of eight, the organization with the wider span will have two fewer levels and approximately 800 fewer managers.**

➢ **At an average manager's salary of $42,000 a year, the organization with the wider span would save over $33 million a year!**

➢ **Obviously, wider spans are more efficient in terms of cost.**

➢ **However, at some point, wider spans may reduce effectiveness if employee performance worsens because managers no longer have the time to lead effectively.**

Today's View

➢ **The contemporary view of span of control recognizes that there is no magic number.**

➢ **The factors influence the number of employees that a manager can efficiently and effectively manage.**

Organization Structure (cont'd)

- Centralization
  - The degree to which decision-making is concentrated at a single point in the organizations.
    - Organizations in which top managers make all the decisions and lower-level employees simply carry out those orders.

- Decentralization
  - Organizations in which decision-making is pushed down to the managers who are closest to the action.

- Employee Empowerment
  - Increasing the decision-making authority (power) of employees.

Exhibit 10–4   Factors that Influence the Amount of Centralization

- **More Centralization**

  ➢ Environment is stable.

  ➢ Lower-level managers are not as capable or experienced at making decisions as upper-level managers.

  ➢ Lower-level managers do not want to have a say in decisions.

  ➢ Decisions are relatively minor.

  ➢ Organization is facing a crisis or the risk of company failure.

  ➢ Company is large.

  ➢ Effective implementation of company strategies depends on managers retaining say over what happens.

Exhibit 10–4 (cont'd) Factors that Influence the Amount of Centralization

- **More Decentralization**

  - ➢ Environment is complex, uncertain.

  - ➢ Lower-level managers are capable and experienced at making decisions.

  - ➢ Lower-level managers want a voice in decisions.

  - ➢ Decisions are significant.

  - ➢ Corporate culture is open to allowing managers to have a say in what happens.

  - ➢ Company is geographically dispersed.

  - ➢ Effective implementation of company strategies depends on managers having involvement and flexibility to make decisions.

Organization Structure (cont'd)

- Formalization

  ➢ The degree to which jobs within the organization are standardized and the extent to which employee behavior is guided by rules and procedures.

    ❖ Highly formalized jobs offer little discretion over what is to be done.

    ❖ Low formalization means fewer constraints on how employees do their work.

Organizational Design Decisions

- ## Mechanistic Organization
  - ➤ A rigid and tightly controlled structure
    - ❖ High specialization
    - ❖ Rigid departmentalization
    - ❖ Narrow spans of control
    - ❖ High formalization
    - ❖ Limited information network (downward)
    - ❖ Low decision participation

- ## Organic Organization
  - ➤ Highly flexible and adaptable structure
    - ❖ Non-standardized jobs
    - ❖ Fluid team-based structure
    - ❖ Little direct supervision
    - ❖ Minimal formal rules
    - ❖ Open communication network
    - ❖ Empowered employees

Exhibit 10–5 Mechanistic versus Organic Organization

Mechanistic

- High specialization
- Rigid departmentalization
- Clear chain of command
- Narrow spans of control
- Centralization
- High formalization

Organic

- Cross-functional teams
- Cross-hierarchical teams
- Free flow of information
- Wide spans of control
- Decentralization
- Low formalization

Contingency Factors

- Structural decisions are influenced by:
  - Overall strategy of the organization
    - Organizational structure follows strategy.
  - Size of the organization
    - Firms change from organic to mechanistic organizations as they grow in size.
  - Technology use by the organization
    - Firms adapt their structure to the technology they use.
  - Degree of environmental uncertainty
    - Dynamic environments require organic structures; mechanistic structures need stable environments.

Contingency Factors (cont'd)

- Strategy Frameworks:
  - Innovation
    - ❖ Pursuing competitive advantage through meaningful and unique innovations favors an organic structuring.
  - Cost minimization
    - ❖ Focusing on tightly controlling costs requires a mechanistic structure for the organization.
  - Imitation
    - ❖ Minimizing risks and maximizing profitability by copying market leaders requires both organic and mechanistic elements in the organization's structure.

Contingency Factors (cont'd)

- Strategy and Structure

  - Achievement of strategic goals is facilitated by changes in organizational structure that accommodate and support change.

- Size and Structure

  - As an organization grows larger, its structure tends to change from organic to mechanistic with increased specialization, departmentalization, centralization, and rules and regulations.

Contingency Factors (cont'd)

- Technology and Structure

  - Organizations adapt their structures to their technology.

  - Woodward's classification of firms based on the complexity of the technology employed:

    - **Unit production** of single units or small batches

    - **Mass production** of large batches of output

    - **Process production** in continuous process of outputs

  - Routine technology = mechanistic organizations

  - Non-routine technology = organic organizations

Exhibit 10–6   Woodward's Findings on Technology, Structure, and Effectiveness

	Unit Production	Mass Production	Process Production
Structural characteristics	Low vertical differentiation	Moderate vertical differentiation	High vertical differentiation
	Low horizontal differentiation	High horizontal differentiation	Low horizontal differentiation
	Low formalization	High formalization	Low formalization
Most effective structure	Organic	Mechanistic	Organic

Contingency Factors (cont'd)

- Environmental Uncertainty and Structure

  ➢ Mechanistic organizational structures tend to be most effective in stable and simple environments.

  ➢ The flexibility of organic organizational structures is better suited for dynamic and complex environments.

Common Organizational Designs

- Traditional Designs

  - Simple structure

    - Low departmentalization, wide spans of control, centralized authority, little formalization

  - Functional structure

    - Departmentalization by function

      - Operations, finance, human resources, and product research and development

  - Divisional structure

    - Composed of separate business units or divisions with limited autonomy under the coordination and control the parent corporation.

Exhibit 10–7 Strengths and Weaknesses of Traditional Organizational Designs

Simple Structure

Strengths: Fast; flexible; inexpensive to maintain; clear accountability.

Weaknesses: Not appropriate as organization grows; reliance on one person is risky.

Functional Structure

Strengths: Cost-saving advantages from specialization (economies of scale, minimal duplication of people and equipment) and employees are grouped with others who have similar tasks.

Weaknesses: Pursuit of functional goals can cause managers to lose sight of what's best for overall organization; functional specialists become insulated and have little understanding of what other units are doing.

Divisional Structure

Strengths: Focuses on results—division managers are responsible for what happens to their products and services.

Weaknesses: Duplication of activities and resources increases costs and reduces efficiency.

Exhibit 10–8   Contemporary Organizational Designs

Team Structure

- What it is: A structure in which the entire organization is made up of work groups or teams.

- Advantages: Employees are more involved and empowered. Reduced barriers among functional areas.

- Disadvantages: No clear chain of command. Pressure on teams to perform.

Matrix-Project Structure

What it is: A structure that assigns specialists from different functional areas to work on projects but who return to their areas when the project is completed. Project is a structure in which employees continuously work on projects. As one project is completed, employees move on to the next project.

- Advantages: Fluid and flexible design that can respond to environmental changes. Faster decision making.

- Disadvantages: Complexity of assigning people to projects. Task and personality conflicts.

Exhibit 10–8 (cont'd)   Contemporary Organizational Designs

Boundaryless Structure

What it is:	A structure that is not defined by or limited to artificial horizontal, vertical, or external boundaries; includes virtual and network types of organizations.
• Advantages:	Highly flexible and responsive. Draws on talent wherever it's found..
• Disadvantages:	Lack of control. Communication difficulties..

Organizational Designs (cont'd)

- Contemporary Organizational Designs
  - Team structures
    - ❖ The entire organization is made up of work groups or self-managed teams of empowered employees.
 - Matrix and project structures
    - ❖ Specialists from different functional departments are assigned to work on projects led by project managers.
    - ❖ Matrix and project participants have two managers.
    - ❖ In project structures, employees work continuously on projects; moving on to another project as each project is completed.

Exhibit 10–9   An Example of a Matrix Organization
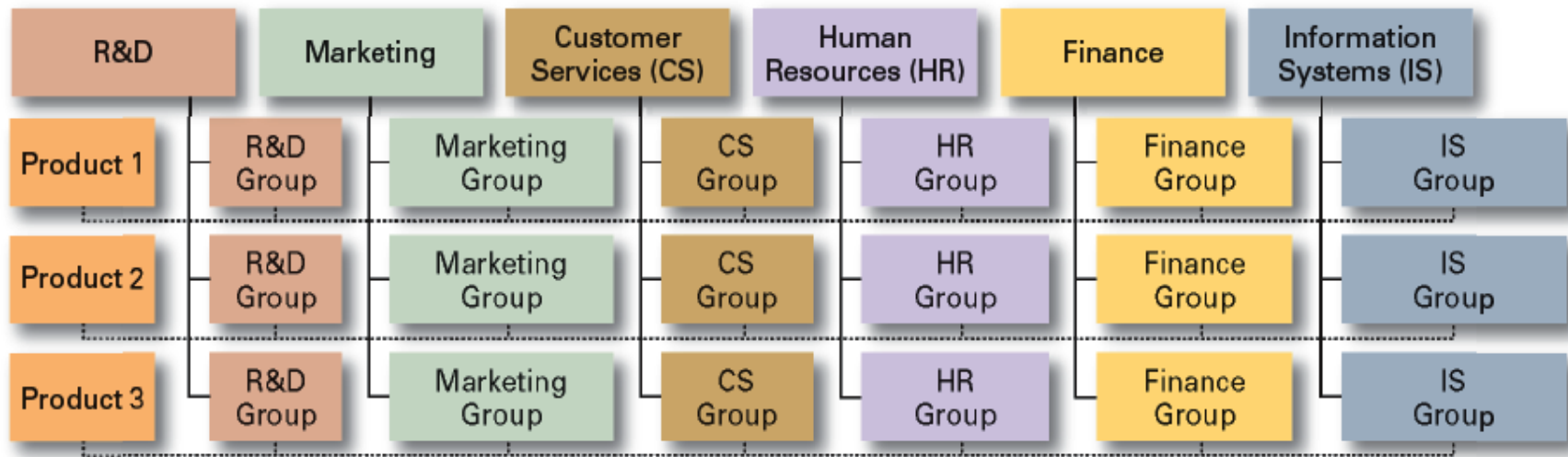
Organizational Designs (cont'd)

- Contemporary Organizational Designs (cont'd)
  - Boundaryless Organization
    - An flexible and unstructured organizational design that is intended to break down external barriers between the organization and its customers and suppliers.
    - Removes internal (horizontal) boundaries:
      - Eliminates the chain of command
      - Has limitless spans of control
      - Uses empowered teams rather than departments
    - Eliminates external boundaries:
      - Uses virtual, network, and modular organizational structures to get closer to stakeholders.

Removing External Boundaries

- **Virtual Organization**

  ➢ An organization that consists of a small core of full-time employees and that temporarily hires specialists to work on opportunities that arise.

- **Network Organization**

  ➢ A small core organization that outsources its major business functions (e.g., manufacturing) in order to concentrate what it does best.

- **Modular Organization**

  ➢ A manufacturing organization that uses outside suppliers to provide product components for its final assembly operations.

Today's Organizational Design Challenges

- Keeping Employees Connected
  - ➢ Widely dispersed and mobile employees
- Building a Learning Organization
- Managing Global Structural Issues
  - ➢ Cultural implications of design elements

Organizational Designs (cont'd)

- ## The Learning Organization

  - ➢ An organization that has developed the capacity to continuously learn, adapt, and change through the practice of knowledge management by employees.

  - ➢ Characteristics of a learning organization:

    - ❖ An open team-based organization design that empowers employees

    - ❖ Extensive and open information sharing

    - ❖ Leadership that provides a shared vision of the organization's future, support and encouragement

    - ❖ A strong culture of shared values, trust, openness, and a sense of community.

Terms to Know

- organizing
- organizational structure
- organizational design
- work specialization
- departmentalization
- functional departmentalization
- product departmentalization
- geographical departmentalization
- process departmentalization
- customer departmentalization
- cross-functional teams
- chain of command
- authority

- responsibility
- unity of command
- span of control
- centralization
- decentralization
- employee empowerment
- formalization
- mechanistic organization
- organic organization
- unit production
- mass production
- process production
- simple structure
- functional structure

Terms to Know

- divisional structure
- team structure
- matrix structure
- project structure
- boundaryless organization
- virtual organization
- network organization
- learning organization
- organizational chart