

Croeso | Welcome to ABS Level 3 Business Lecture Series

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Organisational Structure

- Content to support **Level 3 Business Qualifications**
- Zainab Atta – zaa5@aber.ac.uk

Learning Outcomes

- At the end of this session:
 - Student should be able to define and explain organisational structure
 - Discuss the advantages and disadvantages of tall and flat organisation structures
 - Discuss the relationship between organisation structures, centralization and decentralisation

This is content that we test in the...

- *Aberystwyth University Entrance Exam*
- Successfully complete an exam (there are multiple points in the year and you can take it in the subject you are best at) and earn yourself an unconditional or reduced offer for the Business School
 - More details here (use short link):
<https://www.aber.ac.uk/en/undergrad/before-you-apply/scholarships/entrance-scholarships-merit-awards/>

What is Organisational Structure?

- The typically hierarchical arrangement of lines of authority, communications, rights and duties of an organization. Organizational structure determines how the roles, power and responsibilities are assigned, controlled, and coordinated, and how information flows between the different levels of management.

(Business Dictionary, 2019)

Organisational Structure

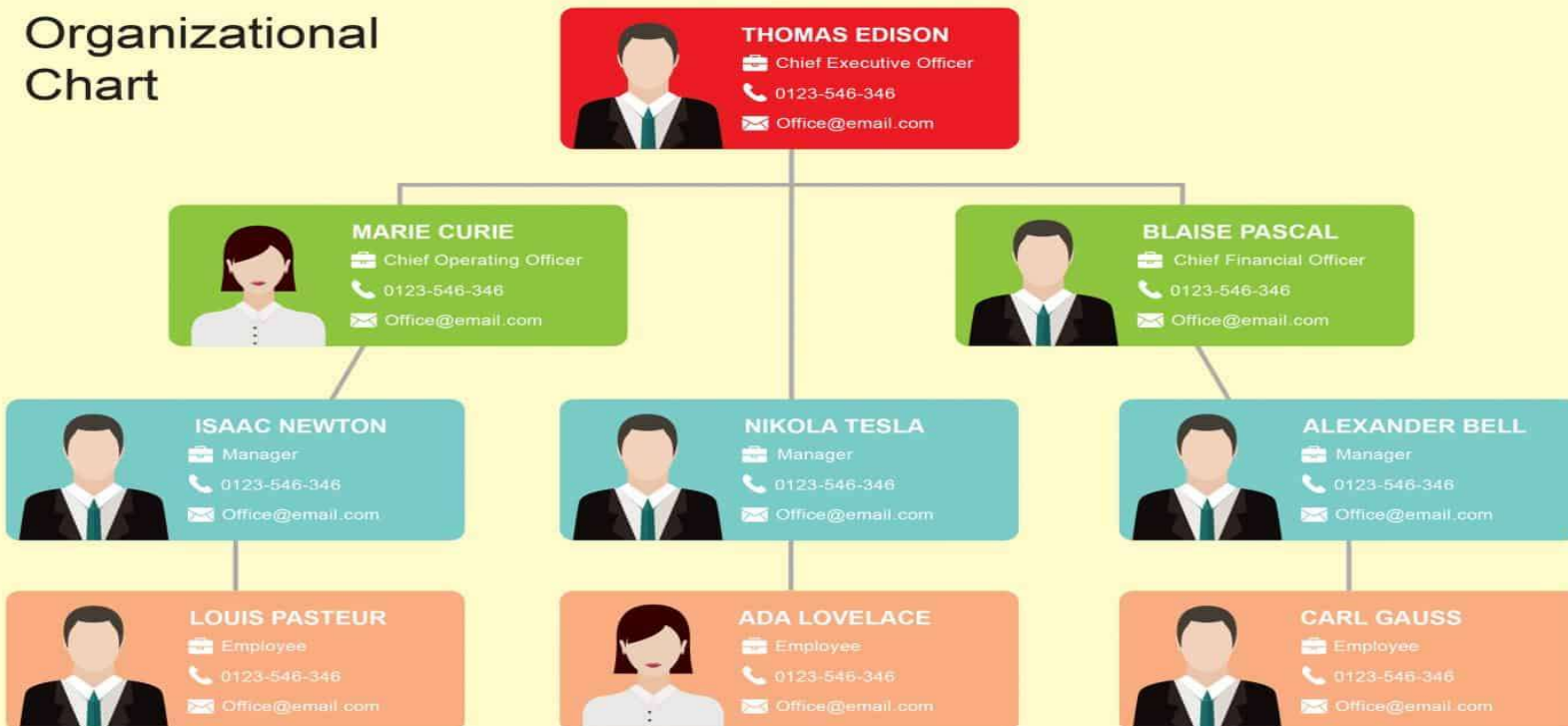
- What is organizational structure ?
- Organizational structure is the framework of the relations on jobs, systems, operating process, people and groups making efforts to achieve the goals
- (Monavarian, Asgari, & Ashna, 2007)

Video Clip:

https://www.youtube.com/watch?v=wO_MtWejRM

Organisation Charts Depict Organisation Structure

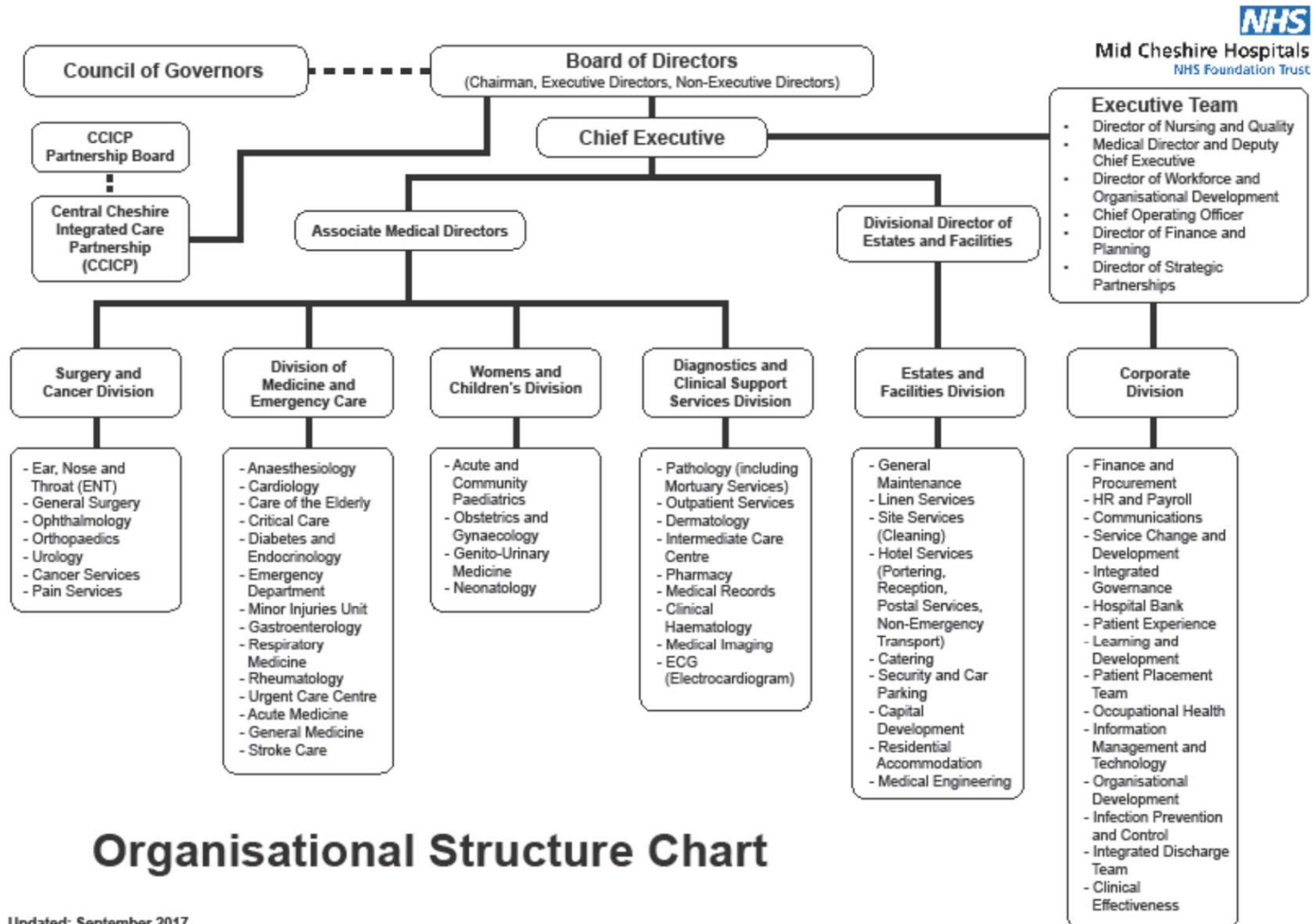
Organizational Chart



Common Terms

- **Hierarchy:** refers to the level of responsibility within an organisation
 - Formally – shown in vertical layers
- **Chain of Command:** the channel through which decisions are passed down between the different levels in the organisation.
- **Span of Control**
- **Refers to a person who is directly responsible another.**
- **Example: Supervisor A is responsible for 5 sales staff.**

Tall Organisational Structures



Organisational Structure Chart

- What do you notice about this structure?

ADVANTAGES

- Communications lines are clear – better communication
- Promotional opportunities
- Linear and downward authority so standards are maintained
- Monitoring and supervision of quality

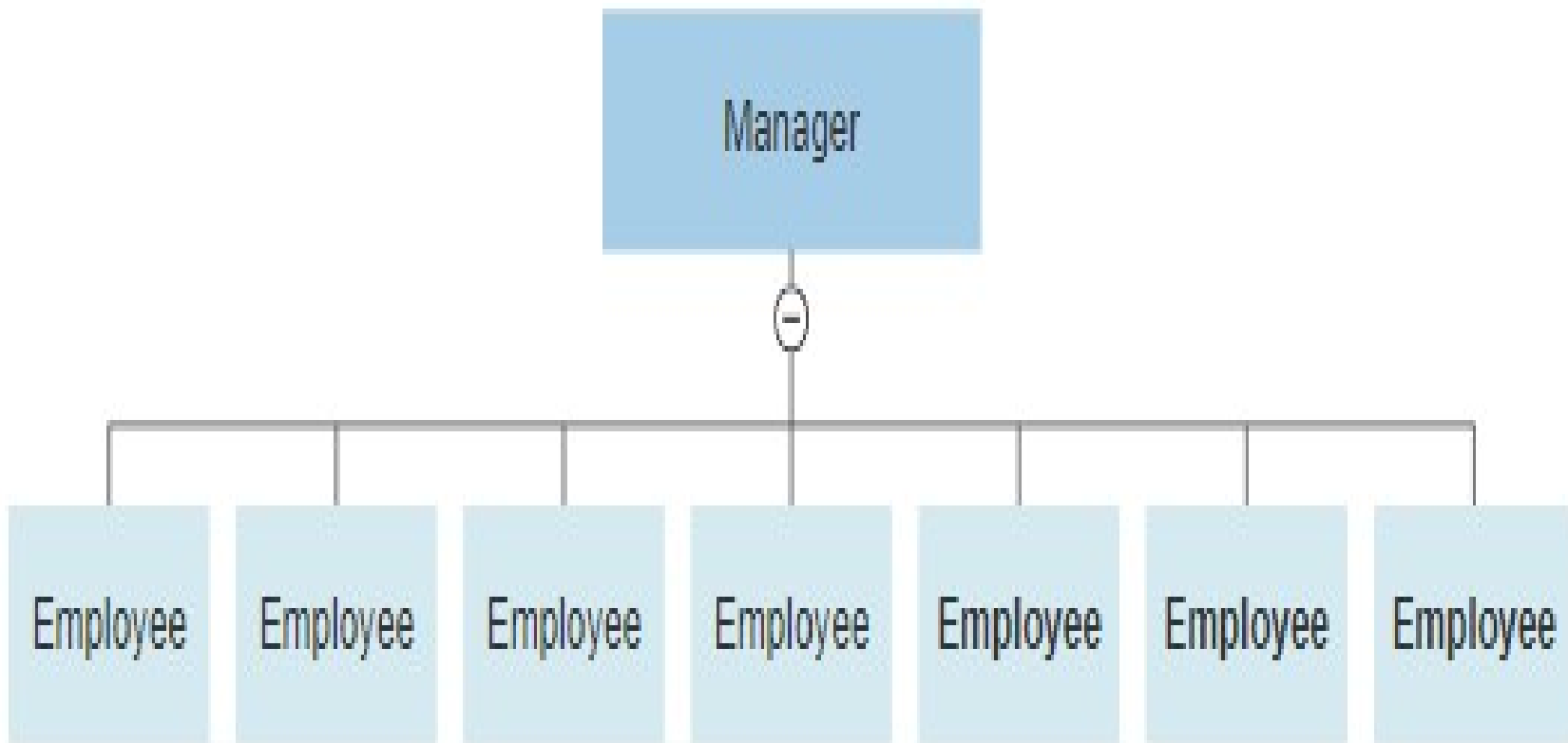
DISADVANTAGES

- Highly structured system – inflexible
- Status symbol effect – clear divisions in responsibility, etc.
- Long chains of command impact and can slow down decision making

Flat Structures

- Wider span of control
- Managerial responsibility broadens
 - How do you think this affects middle management
<https://www.cbsnews.com/news/middle-managers-feeling-the-squeeze/>
 - <https://business.financialpost.com/executive/leadership/are-middle-managers-becoming-obsolete>

Flat Structures



Can you do this?

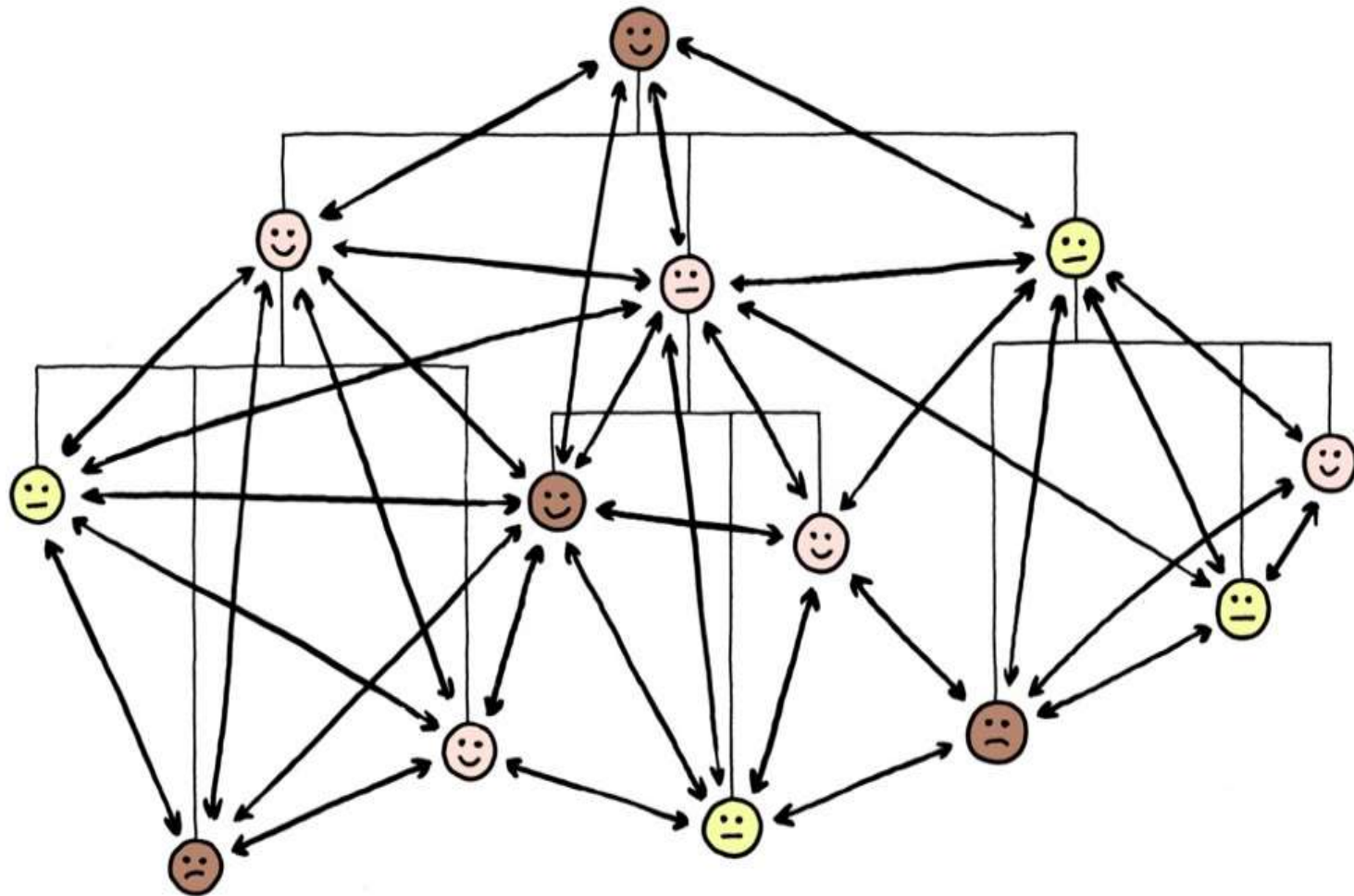
Advantages

- Fewer managers – money saved (BUT?)

Disadvantages

- Breadth of managerial responsibility (span of control issues)
- Loss of managerial control
- Have a look at the urls of the articles above)

Implications of organizational growth on Flat Organization Structures



Centralised Organisations

- Definition
- Branch managers have little decision making power
- E.g. Lloyds Bank/Sainsbury's/
- Reports are sent to Head Office
- No control over finance – More/less appropriate ?

ADVANTAGES

- Decisions are based on strategic and operational overview of the company
- Improved and faster communication and decision making
- Consistency as to procedures and process

DISADVANTAGES

- Delegation is reduced and this may increase rigidity and response times
- Loss of business opportunity given decision time framework
- Low job satisfaction and motivation

Decentralisation

- In groups, prepare 3-5 slides on decentralisation, its advantages and disadvantages
- Relate your discussion to tall and flat organisational structures
- Give real life examples

Diolch Thank you

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