

# Organisational Structure

ASDA is a hierarchical structure because it has a lot of layers and also a lot of people reporting into more than one person before that information get to the boss.

## **What is a Hierarchical structure?**

A hierarchical structure has many levels. Each level is controlled by one person. A hierarchical company tends to be a very big company just like ASDA is. In a hierarchical instructions are generally passed down from one person to another until it gets to the bottom of the hierarchical structure. If there was a problem in a hierarchical structure it would move up through the structure again from one person to another until it gets to where it is supported to be.

## **Strengths of a Hierarchical structure**

In a hierarchical structure there is a close control of workers. Workers in ASDA will know exactly what they have to do so they don't wait around until they are told what they have to do. There is a small span of control. A span of control is when an amount of people report to one person. Also there is a better chance for promotion.

## **Weaknesses of a Hierarchical structure**

In a hierarchical structure information is slow moving. There may be poor communication between departments. Also workers may not feel involved in the business and they may not feel motivated to work.

## **The types of communication used in a Hierarchical structure**

The type of communication used is hierarchical will be more written communication. It will be written communication because the information will have a long way to go before it gets to the person. If it was verbal then when the message gets passed on it will change along the way.

## **Any problems in communication and how I can solve it**

The problem with communication in hierarchical will be: communication will be slow, might not reach its destination and the information might change.

Possible solutions: if the information is slow then maybe you can e-mail the person and then the information will get there faster. If the information might change then it will be a good thing to write it down so it won't change.

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Task 4

### **An explanation of the type of structure for Castell Engineering:**

Castell Engineering has a flat structure. A flat structure is a business that is really small. In a flat structure there is only one level of command. This means that one person tells everybody what to do. A flat structure could be a sole trader but also an independent operating area. E.g. A classroom.

### **Strengths of a Flat structure**

The person at the top of the structure is in total control. That person will know about things happening in the business right away. Decisions can be made quickly unlike in a hierarchical when they will have to discuss what to do. Staffs are more independent. Also the company can save money.

### **Weaknesses of a Flat structure**

Wide span of control can be difficult because one person may not be able to get round to everybody. There may be least chance of promotion if the business is quite small.

### **The types of communication used in a Flat structure**

In a flat structure I think the communication used will be verbal communication. It will be easier to use verbal because the company is small so they are more likely to speak to the person they want instead of passing the information on.

### **Any problems in communication and how I can solve it**

The problem with a flat structure is: the person can forget it and you can't talk to everybody because of span of control.

Possible solutions: if you think that the person will forget what you have told them then maybe you can send them an e-mail to remind them. Then you can remind them within a week of what they are supported to do. If the person can't get around to everybody and they have to tell everybody the same information then they can gather them in a group and say what they need to say.

Even though that Castell Engineering is a flat structure they can sometimes be a matrix structure. A matrix structure is when people come together to work on a project. This is used by organisations that need to launch products fast. They will collect the best person from each department and put them together to work on this project.

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Task 4

### **Strengths of a Matrix structure**

In a matrix structure you can tackle complicated problems faster. There will be a cluster of different skills working together. This also saves time in inter-departmental communication. A matrix also lets people lower down the organisational chart use their skills.

### **Weaknesses of a Matrix structure**

It can be expensive if extra help is needed. Staff may be divided in loyalties because they wouldn't which job is most important. There may be a power struggle if everybody wanted to be the leader of the group.

### **The type of communication used in a Matrix structure**

In a matrix structure the type of communication used will be verbal communication. It will be verbal communication because everyone is more likely to be in the same room if they are working as a team.

### **Any problems in communication and how I can solve it**

The problem with a matrix structure is that: you might forget what was said.

Possible solution: If you might forget what was said then while the meeting is going on everyone should write what is been said so that no one forgets.

### **The factors a company might consider in choosing an organisational structure**

#### **Size of the organisation**

If a business only had one person in charge then it is more likely to be a flat structure. If the company has more people in it then it will be hierarchical. Even though a business can be a flat or hierarchical structure they can sometimes be matrix temporarily. For example, if the company was inventing a new product they will get a group of people to do this. There will be one person from each functional area.

#### **Leadership style**

If it's a hierarchical company then everybody would know who is in charge. Everybody will have to work for another person in the company. For example, a teacher in a college will have to answer to the person who is in charge of the subject (head of business studies). In a flat structure the person wouldn't have to answer to so many people because the company will be quite small.

### **Age of the organisation**

If you set up as a hierarchical then you are likely to be an old organisation. If you're a flat structure or a matrix then you are going to be a new organisation.

### **Technology**

In some businesses they use a lot of technology. For example, a factory will need machinery to do the work so they wouldn't need a lot of employees. If a business uses a lot of technology then they will have a very flat structure.

### **Business Objectives**

Overall a company may be a hierarchical or flat structure but they will use a matrix structure temporality. For example, if they were working on a project they would gather their best workers and put them together.

### **Evaluating the strengths and weaknesses of the organisational structure and communication in the business:**

Castell uses a flat structure which means that they have few people working for them because a flat structure is sometimes used when a company is quite small.

### **Advantages for Castell:**

Since Castell have three directors it is easier for someone to talk to them directly instead of passing on the information to someone else. They are going to know what is going on in the company much faster because of the size of the company. If it was a hierarchical then it will take a long time for the information to get to them. The workers will know exactly what they have to do because span of control is small. Also, Castell is saving money because of the size of the business.

### **Disadvantages for Castell:**

Since Castell only have three directors they will have quite a few people reporting into them. This is a disadvantage because if everyone was to ask them a question they wouldn't be able to get to them individually. Also there isn't that much chance of promotion because the company is small so they will have employees leaving to find a better job.

### **How these might affect the company in meeting its aims and objectives:**

In Castell there is direct communication between the directors and the employees. Castell has regular whole team and team leader meetings conducted. Castell also

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DRH

Task 4

have good communication between them and their suppliers because they often need parts very quickly and also at a good quality. If Castell didn't use good communication between their employees then they wouldn't have any work done. The employees wouldn't care if they did the work good or bad because they won't be motivated. If they had poor communication with their suppliers then they wouldn't be able to call them at anytime to get what they needed and at a short notice. Castell will be able to meet their aims and objectives because of good communication.

Castell also needs to use a Matrix structure when they are designing manufacturing prototypes. Castell collects their best workers and put them in a group together to work on this project temporarily.

**Advantages for Castell:**

If Castell worked a lot as a Matrix then the work will be much faster. They will also have the work done to a high quality if they only have the best. Castell will have a different range of skills working together so they will be able to tackle a problem faster. Also if someone is lower down the organisational chart then they will be able to move higher up the chart while the matrix is been used.

**Disadvantages for Castell:**

There may be a struggle of power in the matrix because one person may want to be the leader of the group. This is not going to help Castell because they will be arguing and not getting any work done. If extra help is needed to help run the project then it will cost Castell a lot more money. Loyalties may be divided because the employees may not know which job is most important.

**How these might affect the company in meeting its aims and objectives:**

Since Castell is using a matrix to get what they need done then communication will be easy because everyone will be in the same room. When they have meeting to discuss what they need done it easy because they wouldn't have to go to one person each and tell them what they need done. If communication was poor then the work will be slow in getting done. Castell wouldn't be able to achieve their aims and objective reached. Castell wouldn't be able to win Le Mans by 2004 if they didn't work together as a team.