



UNIVERSITY *of* NICOSIA

# Organisation Structure

Harry Kogetsidis  
School of Business

# Lecture's topics

- What is organisation structure?
- What are the basic elements of organisation structure?
- What are the basic types of organisation structure?

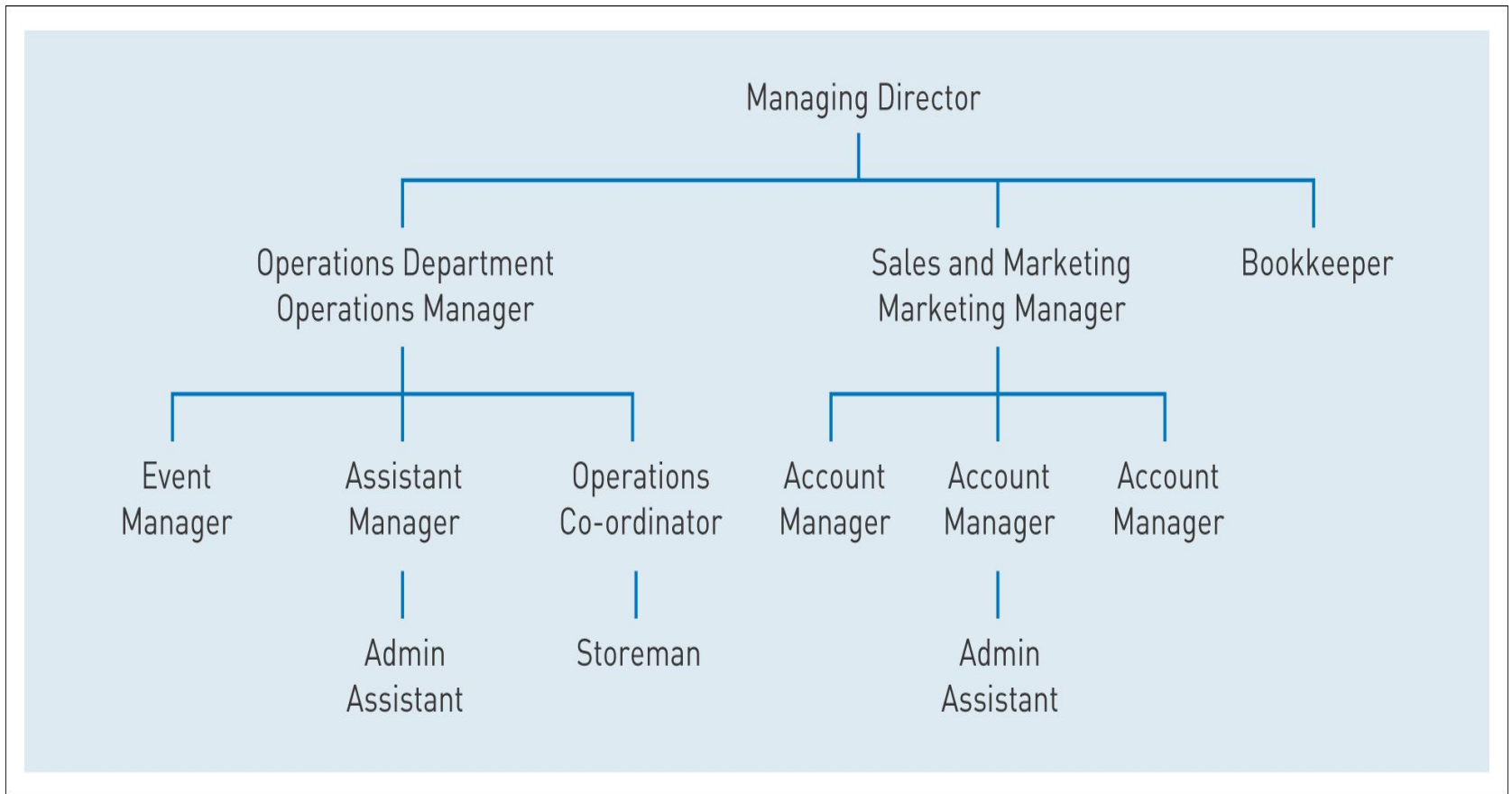
# Organisation Structure

Organisation structure describes the way work is divided, supervised and coordinated.

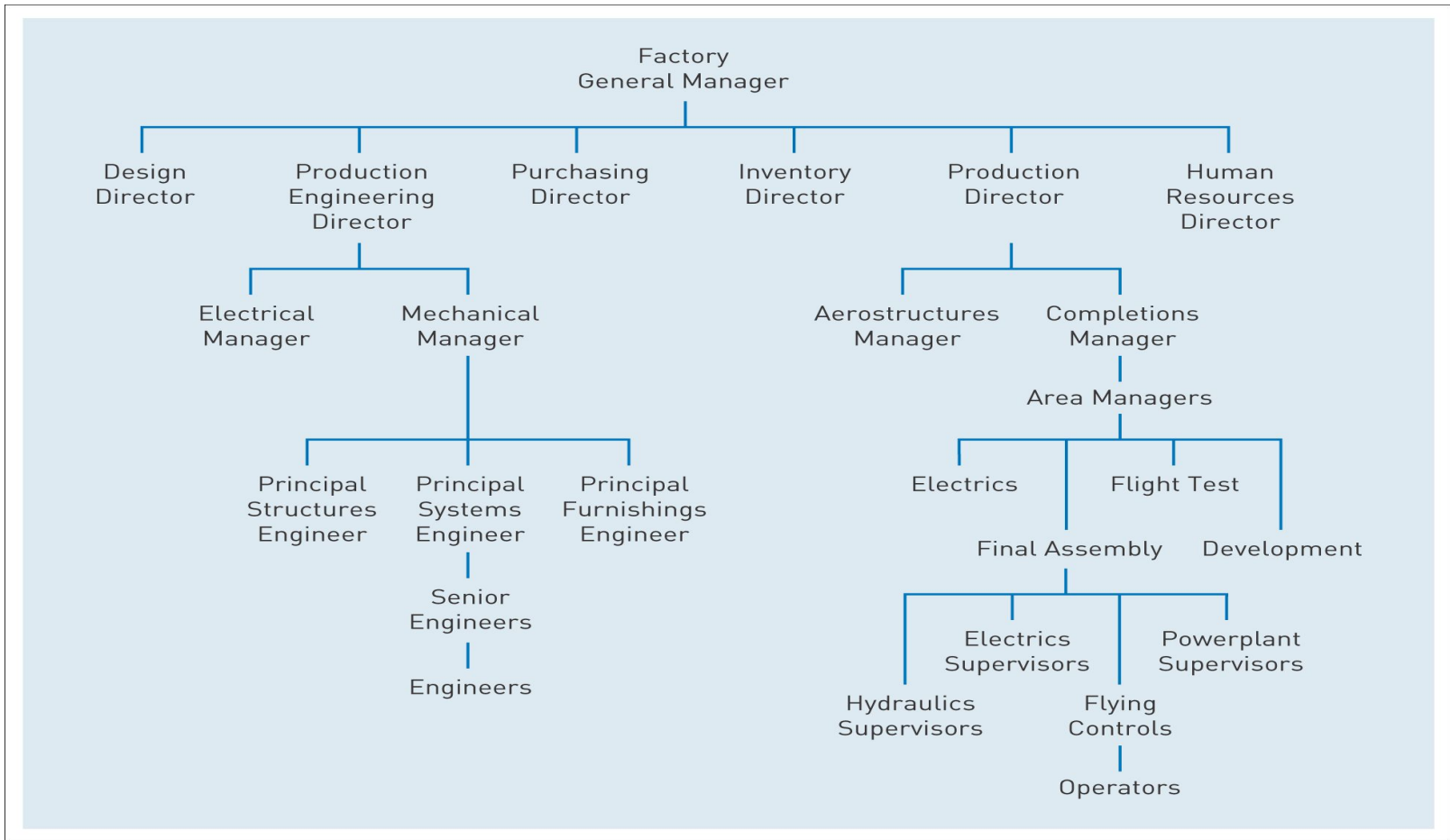
# Organisation Charts

Organisation structure is often represented by an **organisation chart** – i.e. a chart showing the main departments and work positions in the organisation and the reporting relations between them.

# An Organisation Chart (example 1)



# An Organisation Chart (example 2)



# Types of structure

## Formal structure:

- The official structure of the organisation.
- The official guidelines, documents or procedures setting out how the organisation's activities are divided, supervised and coordinated.

# Types of structure

## Informal structure:

- The unofficial, but often critical, working relationships between organisational members.
- If this could be drawn, it would show who talks to and interacts regularly with whom regardless of their formal titles and relationships.



# The Basic Elements of Structure

1. Work specialisation
2. Chain of command
3. Span of control
4. Centralisation vs Decentralisation
5. Departmentalisation

# Work Specialisation

- a job is broken down into a number of steps and each step is completed by a separate individual
- different employees have different **skills**
- need to make efficient use of the diversity of **skills** that employees have

# Negative results of work specialisation

# Chain of Command

The continuous chain of **authority** that extends from the highest levels in an organisation to the lowest levels and clarifies who reports to whom.

# Chain of Command

Early management writers believed that each employee should report to only one manager – a term called **unity of command**.

# Chain of Command

Some concepts closely related to chain of command:

- Authority
- Responsibility
- Accountability
- Delegation

# Authority

The right that a person in a specified role has to make decisions, allocate resources or give instructions.

If managers attempt to give instructions beyond their area of formal authority, they are likely to meet **resistance**.

# Responsibility

An employee's duty to perform assigned activities and to meet the expectations associated with a task.



# Accountability

Employees with formal authority over an area are required to report on their work to those above them in the chain of command.

# Delegation

Managers giving people who are below them in the chain of command the authority to undertake specific activities or decisions.

# Authority vs Power

Authority



Power



# Span of Control

The number of persons (**subordinates**) directly reporting to a manager.



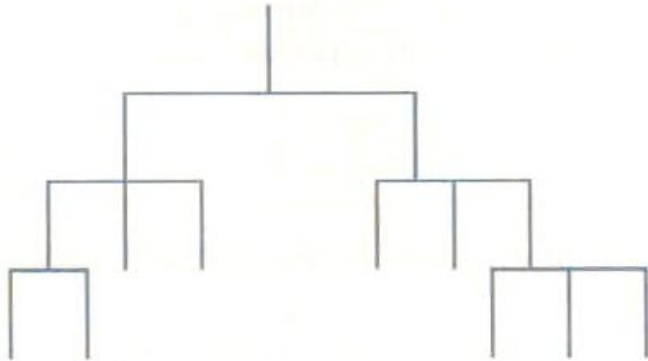
The right number must be found in order for these people to be managed effectively and efficiently.

# Span of Control

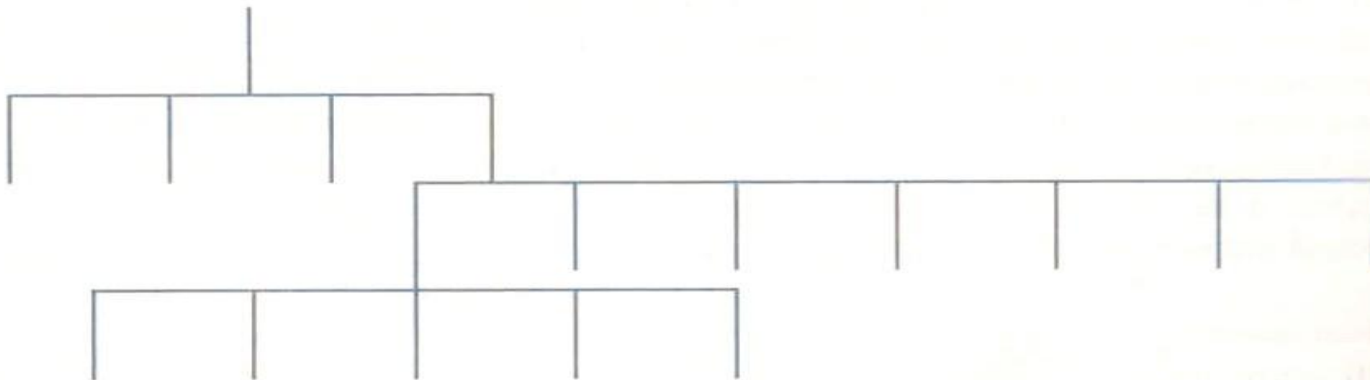
The level of direct supervision an employee needs decreases with the level of experience they have and training they receive.

# Span of Control

**(a)** A tall structure, with narrow spans of supervision



**(b)** A flat structure, with wide spans of supervision



# Centralisation vs Decentralisation

**Centralised** organisations: decisions are made by a few people at the centre of the organisation.

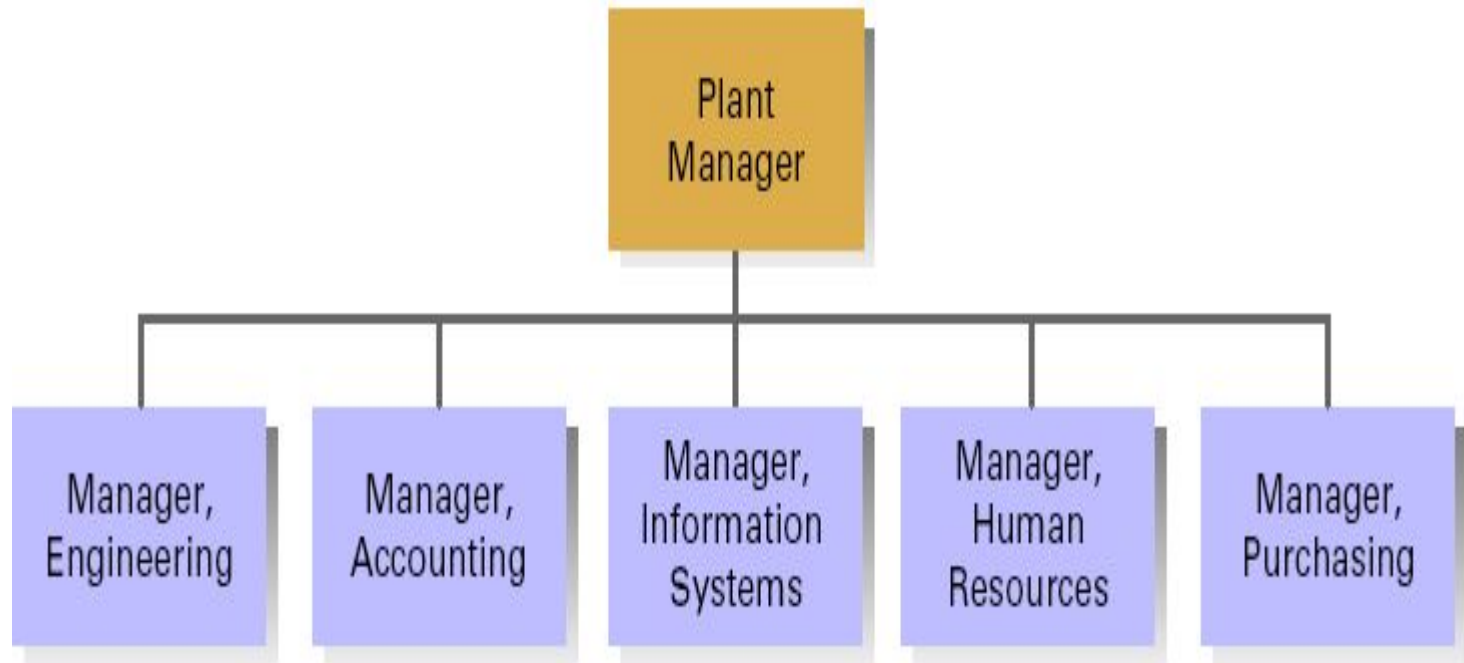
**Decentralised** organisations: decisions are pushed down to the level closest to where the problem is.

# Departmentalisation

- refers to how the various activities of the organisation are grouped together into units
- a manager is in charge of each unit



# e.g. Functional Departmentalisation



# Types of Structure

- Mechanistic structure
- Organic structure

(Burns & Stalker, 1961)

# Mechanistic Structure

- High in specialisation.
- High in centralisation.
- High in formalisation (i.e. the practice of using written documents to direct and control employees).
- **Communication is vertical.**

# Organic Structure

- Knowledge is widely spread.
- There are few prescriptive job descriptions and rules and regulations are kept to a minimum.
- Cross-functional team work is encouraged.
- Communication is horizontal.

# Types of structure

One of the these two types of structure is frequently called a 'bureaucracy'. Which one is it?

# Types of structure

- **Mechanistic structure:**  
Rigid and stable.
- **Organic structure:**  
Flexible and highly adaptive.

# Types of structure

- **Mechanistic structure:**  
Best at simple and repetitive tasks.
- **Organic structure:**  
More effective at complex and unique tasks.

# Types of structure

**Mechanistic structures** are most effective in stable environments.

**Organic structures** are most effective in dynamic and uncertain environments.



# Types of structure

Organisations could use a combination of the two types.

e.g. finance department – **mechanistic**

advertising department – **organic**

# Group Work

Produce an organisation chart that, to the best of your knowledge, represents the structure of the University of Nicosia. Use an exclamation mark for departments or units that you know with certainty that they exist (such as academic affairs or finance). Use a question mark for those that you think might be part of this organisation. You should produce separate charts for the academic and administrative structures of the institution.