

Work presented by *Idarah al Tijaarat al Raabehah*
powered by *The Saifee Foundation* and *Dbohra™*

Organisational Structures

- Organize your work, simplify your mind.



© 2023, The Saifee Foundation.
All rights reserved.

Organisational Structures

- Organize your work, simplify your mind-

© 2023, The Saifee Foundation. All rights reserved.

Disclaimer:

The purpose of this communication is only for information. The Provider of this Communication makes no representation as to the accuracy or completeness of any information on this book. However, the provider has made his best effort for its authentication. Provider Expressly Disclaims all warranties.

All rights reserved. No part of this communication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, except in the case of brief quotations embodied in critical reviews and certain other non-commercial uses permitted by copyright law.

Contents

Introduction	4
Benefits:	5
Drawbacks of not having an O.S:	7
Types of O.S	7
REFERENCES.....	31

Introduction

- * The discussion applies to the overall organisation and new departments.

- It is a system that describes the flow of information, roles, responsibilities, rules and activities to achieve the department's goals.

- It defines each stakeholder and employee's job, roles and responsibilities. It is just like different pieces of a puzzle that together complete the puzzle.

Benefits:

- Setting up an O.S. within the department brings clarity, focus and efficiency.
- It helps to lay out the pay structure for the employees by making it easier to decide salary grades and ranges for each position.
- Makes multitasking possible within the department. It can seamlessly perform different operations/activities at once.
- Establishes efficient communication for transferring information, policies, ideas, feedback, and expressing concerns.
- Brings accountability among the members and employees, which is very important to determine who is responsible for a

project's success or changes to be applied.

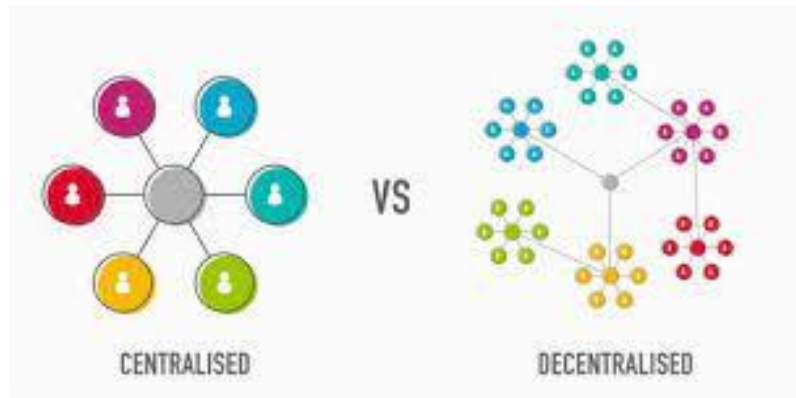
- It also clarifies what experience/skills one needs to climb the hierarchy. For example, an entry-level employee can be informed through the hierarchical structure that he needs to gain supervisory /managerial experience before becoming an executive.

Drawbacks of not having an O.S:

- Not having a proper O.S. can create uncertainty in the department regarding whom employees should report to and who is responsible for what. **Where there is uncertainty, success is a rarity.**
- Nobody would know whom to contact to schedule meetings, resolve conflicts, retrieve data, discuss ideas etc.

Types of O.S

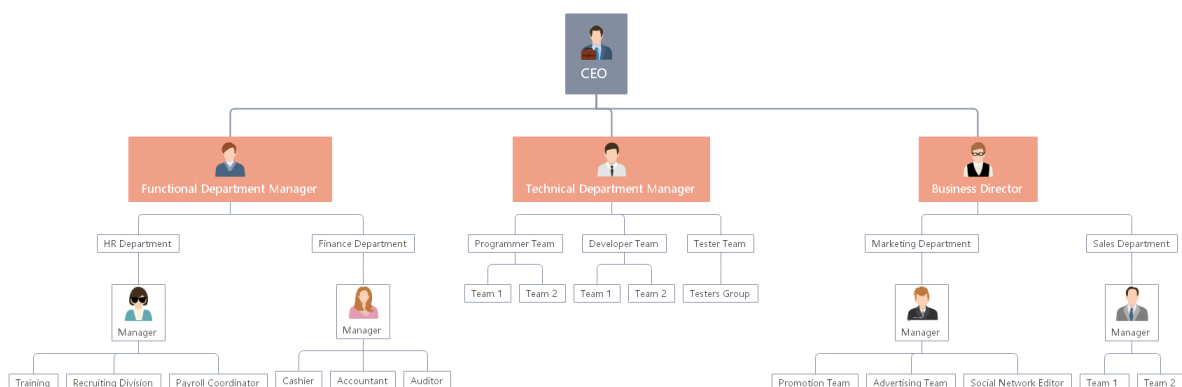
There are 2 basic types of O.S.;
Centralized and Decentralized.



They are further classified into:

A. Centralised:

I. Hierarchical(line)

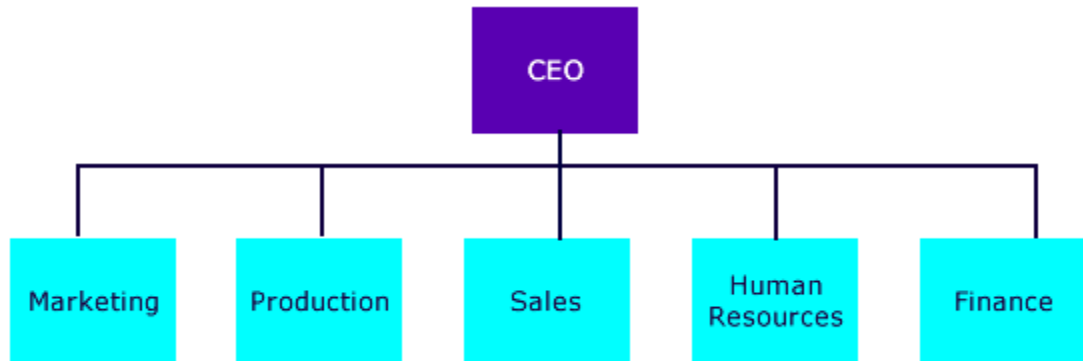


It's the most common organisational structure type that follows a direct chain of command that goes from senior management to general employees through a range of executives on the departmental and team level. The highest-level executive has the highest power over the decision-making process.

Example: Amazon, Sony

- * This type of organisational structure is commonly used in companies with a clear hierarchy and a need for tight control over operations.

II. Functional



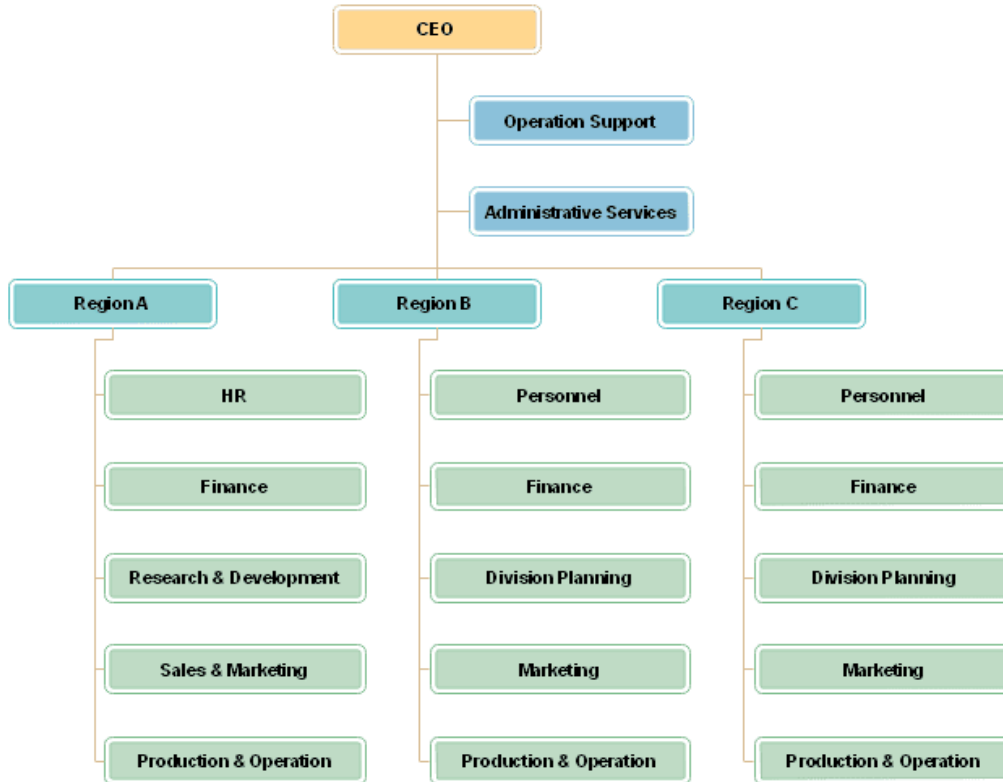
A functional structure groups employees into different departments by work specialisation. Each department has a designated leader highly experienced in the job functions of each employee supervised by them. Example: Amazon, Starbucks.

Procter & Gamble is a multinational consumer goods company that produces various products, including household cleaners, personal care items, and food and

beverages. The company's functional structure is designed to ensure that each department is focused on its specific area of expertise, such as product development, marketing, and sales.

- * *It is most suitable when the size of the organisation is large, has diversified activities, and operations require a high degree of specialisation*

III. Divisional



A divisional structure organises employees around a common market, common product or geographical location. Divisional organisations have teams focused on a specific market or product line.

Example: Disney, McDonald's.

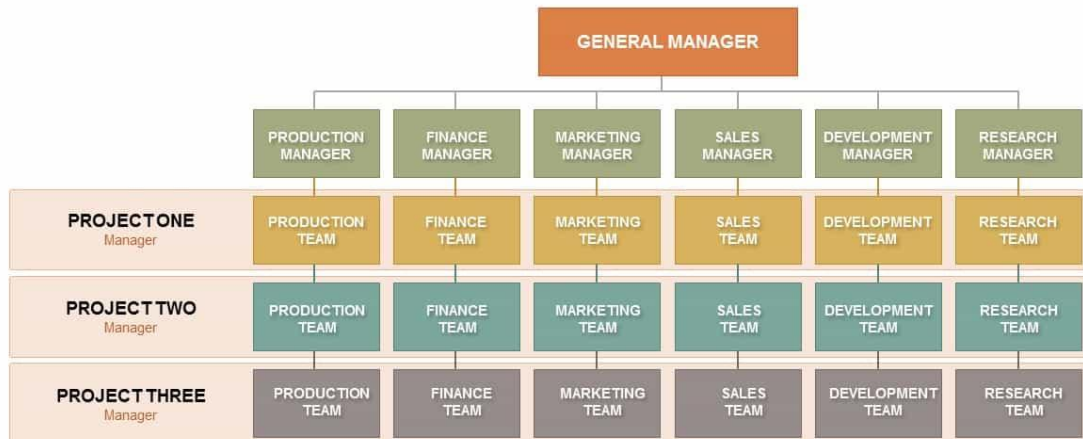
Coca-Cola is a global beverage company whose divisional structure is designed to give regional teams more autonomy and flexibility to adapt to local market conditions and customer preferences. The company is divided into geographic regions, each with its management team responsible for sales, marketing, and operations.

- * It is beneficial when a company has many regions, markets, and products.

IV. Matrix

Org Charts

MATRIX ORGANIZATION STRUCTURE



Within this structure, team members report to several managers at once. Having multiple supervisors allows for company-wide interaction and faster project delivery. An engineer can, for example, routinely contribute to the engineering division (led by an engineering manager) but serve on a

seasonal job (led by a project manager).

For these positions and reporting partnerships, the matrix org map allows for both.

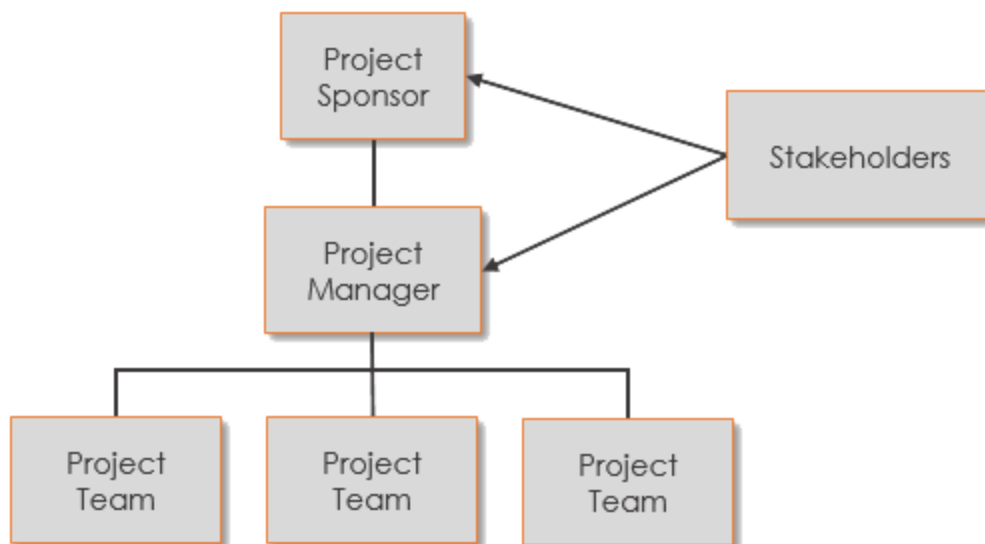
Examples: Caterpillar, Phillips, Texas Instruments, Intel.

Intel is a technology company that designs and manufactures computer processors and other hardware. The company's matrix structure encourages collaboration and innovation across departments and product lines. It uses a matrix structure, with employees working on both functional and project teams.

* Large, multinational organisations typically use the matrix structure and promote

sharing skills and knowledge across departments to complete goals.

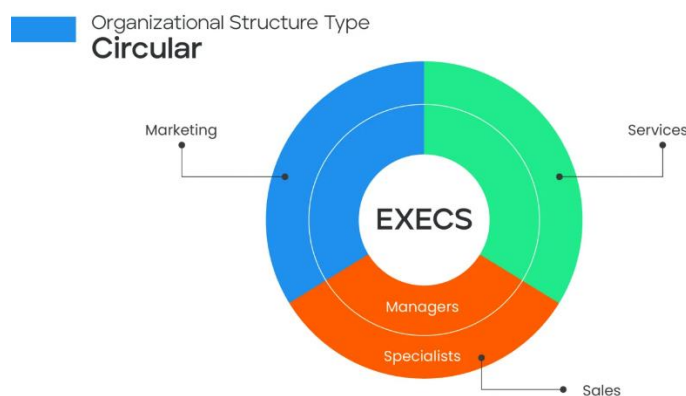
V. Project



A project organisational structure is a temporary structure implemented when a company wishes to start and complete a specific project or goal. This structure often involves a project manager as the leader, who oversees distinct groups or departments with

a specific duty. For example, suppose a company needs to create a piece of technology to do its work more efficiently. In that case, it might do a project with research, hardware, and software development teams. The company would then hire a project manager to oversee each team and execute a plan to complete the goal.

VI. circular

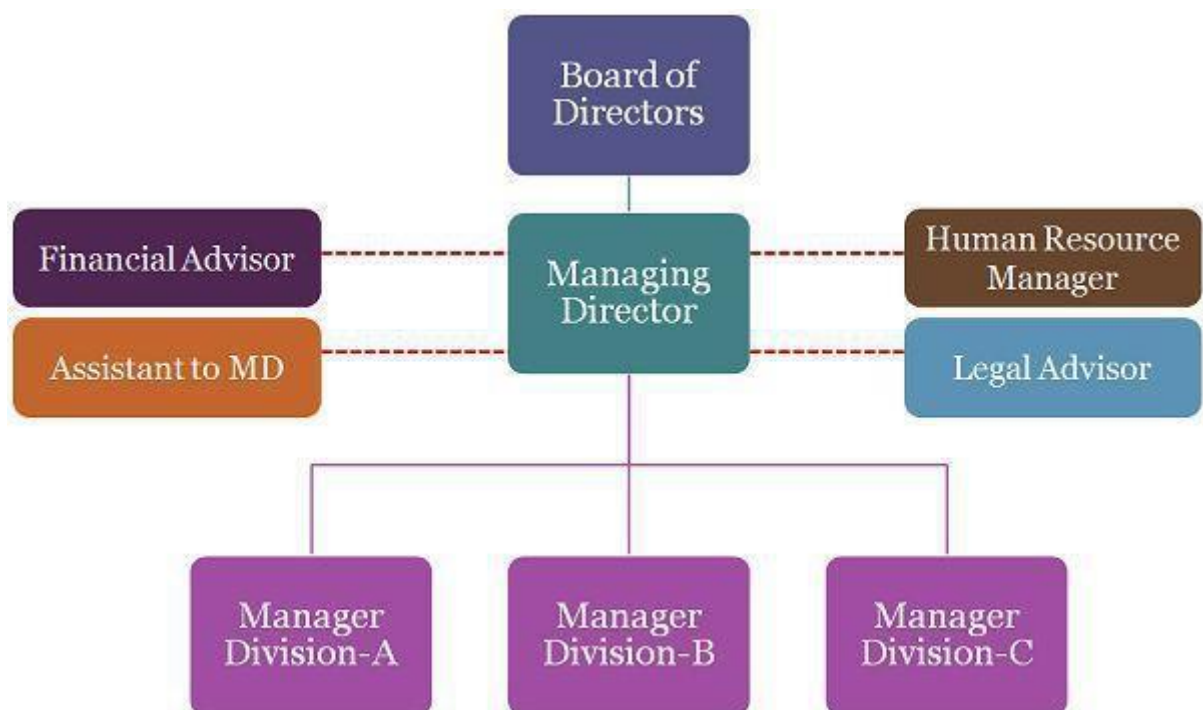


A circular organisational structure relies on a hierarchy to depict higher-level employees within the inner rings of a circle and the lower-level employees in the outer rings. Seated at the organisation's centre, leaders do not send orders down the chain of command but outwardly. While many other structure types contain different departments that work independently with individual goals, this structure removes that strict separation. It looks at the bigger picture, with all departments being part of the same whole.

- * It has a psychological difference over other structures because instead of seeing the organisation as authoritarian, the circular structure gives the impression that the

organisation is more inclusive, has better communication, and has made management more accessible.

VII. line and staff



The line-and-staff structure combines the line structure and the functional structure. It involves a hierarchy of managers who work with several specialised groups. These groups report to their respective managers, and those managers then report to their managers.

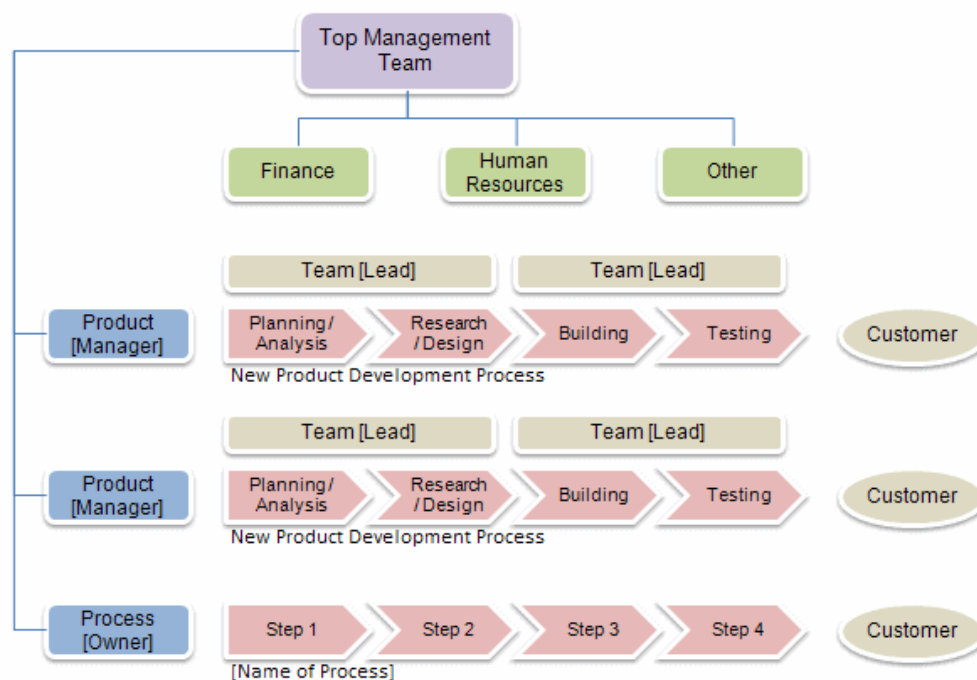
- * It is commonly used in larger organisations and is most suitable when balancing line authority with specialised support functions is needed. It is often implemented in complex or diversified organisations that require a combination of hierarchical control and specialised expertise. This structure is usually found in manufacturing, healthcare,

government, and large corporations with multiple divisions or departments.

B. Decentralised:

I. Flat(horizontal)

Sample Horizontal Organizational Structure



In a flat organisational structure, there are few middle managers between employees and top managers. The structure requires less supervision, increases employee

involvement, and boosts trust in the workplace.

Example: Small businesses, startups like Zappos and Buffer

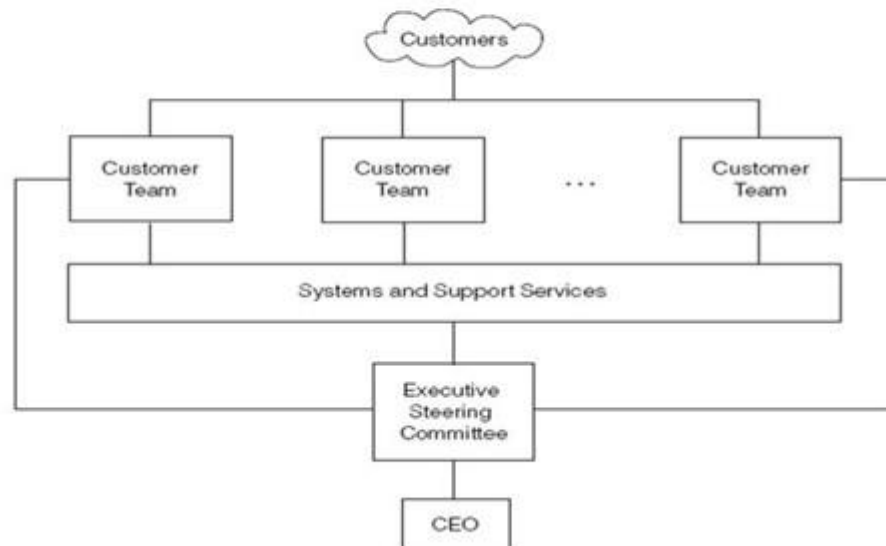
Zappos is an online retailer that sells shoes, clothing, and accessories. The company's flat structure is designed to empower employees to make decisions and take ownership of their work, which helps to foster a culture of innovation and creativity.

** It is preferred in organisations with few top employees – management-level workers. Before becoming big enough to create*

various divisions, many startup firms use a horizontal organ structure

II. Team-based

Team-Based Organization Chart



In a team-based structure, employees are organised into self-managed teams responsible for a specific task, project, or

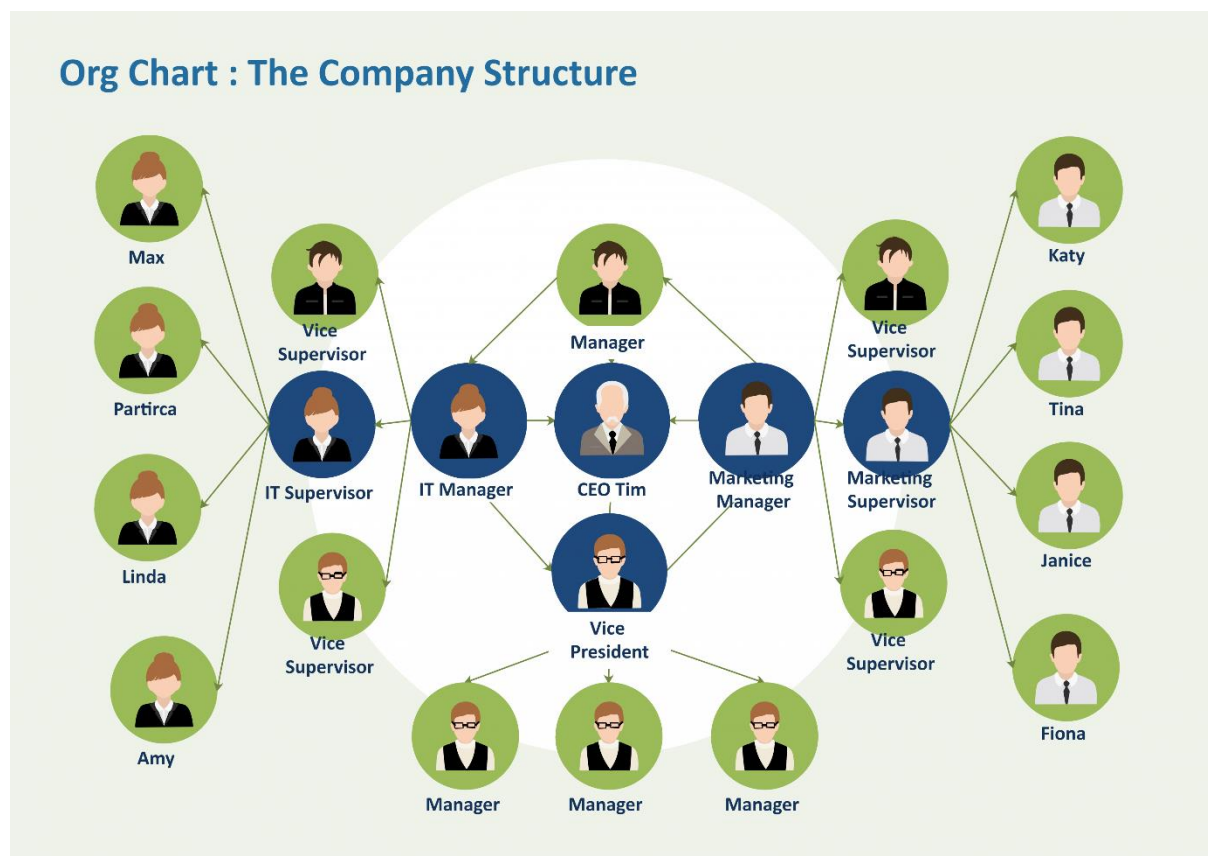
area of expertise. These teams typically comprise individuals from different departments or functional areas with complementary skills and knowledge who work together towards a common objective. The structure promotes cooperation, communication, and a sense of shared responsibility among team members.

Examples: Apple, Cisco, Google, Whatfix.

Spotify is a music streaming company operating in over 80 countries. The company's team-based structure enables it to be flexible and responsive to changing market conditions while fostering a culture of

collaboration and innovation. It operates in cross-functional teams called squads, each with the autonomy to make decisions and prioritise work.

III. Network



A network structure goes far beyond your internal company structure. It's an act of

joining the efforts of two or more organisations to deliver one product or service. Typically, a network organisation outsources independent contractors or vendors to complete the work.

In a network organisation, teams are built from full-time employees and freelance specialists – this way, in-house workers can spend most of their time focusing on the work they specialise in. Such an approach allows companies to adapt to market changes and obtain the missing skills quickly.

Working with individuals not integrated into your company culture results in lower formalisation and higher agility.

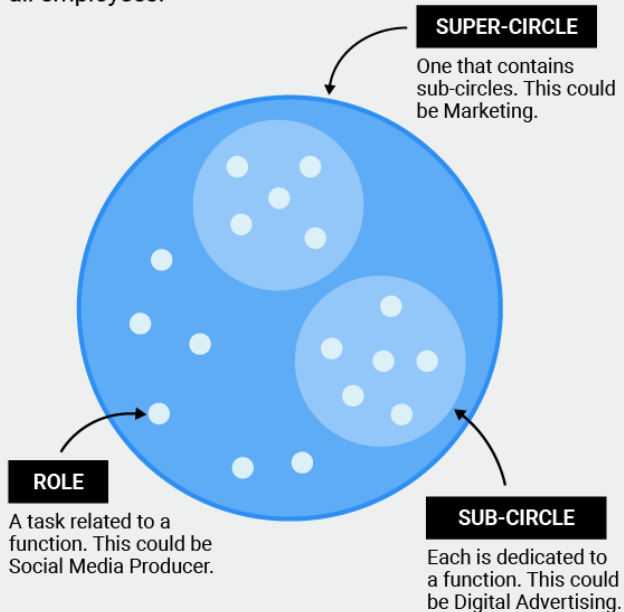
Examples: Dow Chemical, H&M, IBM, Uber, Airbnb.

Uber is a ride-sharing company that operates in hundreds of cities worldwide. The company's network structure enables it to scale quickly and efficiently while providing a platform for independent drivers to earn income. It operates as a network, connecting independent drivers with riders through its platform.

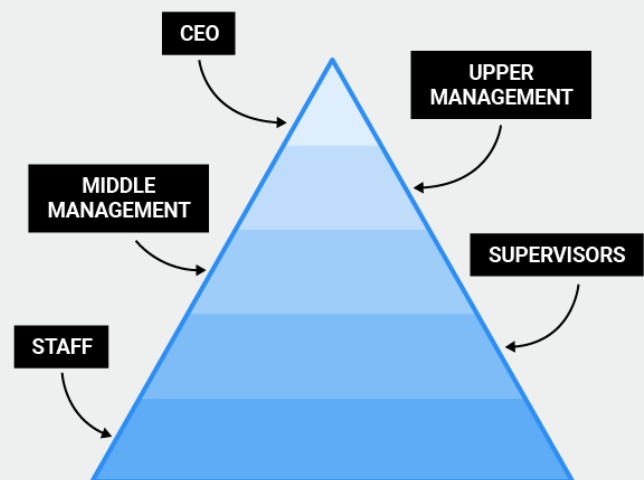
IV. Holacracy

HOLACRACY VS. HIERARCHY

Holacracy takes powers traditionally reserved for executives and managers and spreads them across all employees.



In a **traditional hierarchy**, layers of management establish how products are approved and monitored.



Holacracy is an autonomous company that divides leadership responsibilities and decision-making among all team members.

This form of decentralised management differs from traditional corporate

management structures that concentrate power within a hierarchical arrangement. In a holacratic organisation, individual team members have more agency as they work on projects that achieve their mission.

Zappos is one of the most well-known companies to adopt Holacracy, a self-organising management system that replaces traditional hierarchies with a system of roles and circles. The system is designed to promote agility, innovation, and employee empowerment while providing a structure for decision-making and accountability.

NOTE: The O.S. discussed above is not etched in stone. One can adopt a hybrid model comprising 2 or 3 models. The O.S. you choose depends on

your department/organisation's requirements and work culture.

REFERENCES

1. *7 types of organizational charts (with examples)* (no date) *Edrawsoft*. Available at: <https://www.edrawmind.com/7-types-of-organizational-charts-with-examples.html> (Accessed: 19 June 2023).
2. *Holacracy vs hierarchy* (no date) *Charterhouse SG*. Available at: <https://www.charterhouse.com.sg/blog/2018/10/holacracy-vs-hierarchy?source=google.com> (Accessed: 19 June 2023).
3. (No date) *What is a line-staff organization? (with features, Pros and cons) - indeed*. Available at: <https://www.indeed.com/career-advice/career-development/line-staff-organization> (Accessed: 19 June 2023).
4. *Why you should use circular org charts and how* (2020) *Lucidchart*. Available at: <https://www.lucidchart.com/blog/circular-org-charts#:~:text=A%20circular%20org%20chart%20is,which%20department%20each%20employee%20b> elongs. (Accessed: 19 June 2023).
5. Vecchio, W. by L.D. (2023) *Types of organizational structure and their pros and cons*, *Planergy Software*. Available at: <https://planergy.com/blog/types-of-organizational-structure/> (Accessed: 19 June 2023).
6. *Circular organizational structure* (2023) *Digital Leadership*. Available at: <https://digitalleadership.com/unite/circular-organizational-structure/> (Accessed: 19 June 2023).