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**Lecture one : Company structure**

**1- What is company structure?**

A company structure or an organizational structure is the way a company, organization or team is set up, So it's the system that outlines how certain activities are directed in order to achieve the goal of an organization. It determines how information flows between the different levels of management based on how the information is coordinated and by whom. Businesses of all sizes rely on it to keep the company operating efficiently and headed in the right direction. A successful organizational structure clearly defines the job of each employee and the place their job holds in the system. The structure is usually illustrated in the form of a chart or diagram.

**2- The importance of company structure:**

A business needs to have an organizational structure in place to be successful. It is important for several reasons:

**A\_ Clear roles and responsibilities:**

A well-defined structure helps clarify the roles and responsibilities of employees, ensuring that everyone understands their specific duties and who they report to ,this clarity promotes efficiency and reduces confusion .

**B\_ Effective communication:**

A structured organization provides clear communication channels, allowing information to flow smoothly between different levels and departments . This helps in making decisions, coordinating efforts and resolving issues effectively .

**C\_ Efficient decision- making:**

A proper company structure establishes a clear hierarchy and decision making process. This enables faster and more efficient decision making, as individuals know who has the authority to make specific decisions and can seek guidance when needed.

#### **4\_ accountability and performance:**

A structured organization holds individuals accountable for their assigned tasks and performance. It helps track progress , set goals and evaluate employee to meet expectations .

#### **5\_ Scalability and growth:**

A well designed company structure allows for scalability and growth. As the company expands, the structure can accommodate new roles, departments, and functions ensuring that the organization can adapt to changing needs and remain efficient.

Overall, a well-defined company structure promotes clarity, coordination and effectiveness within the organization, leading to improved productivity, employee satisfaction, and business success.

#### **3\_key elements of company structure:**

Regardless of the special type of organizational structure you choose , it should have the following components :

**a\_ chain of command:** the chain of command is a way of organizing and structuring authority within an organization. It shows the flow of power and decision making from top level employees. It helps establish clear lines of communication and accountability.

**b\_ job roles and responsibilities :** This includes defining the specific tasks and duties of each employee within the organization .

**c \_Decision making process :** The decision making process refers to the steps taken to reach a decision . It typically involves identifying the problem or opportunity ,

gathering relevant information , analyzing options , evaluating alternatives , and selecting the best course of action . The process can vary depending on the organization and the nature of the decision.

**d \_ Scope of control** : a span of control represents who falls under a manager and which tasks fall under department's responsibility . Having a defined span of control not only avoids double work from different teams but helps you identify gaps in your structure.

**e \_ Departments and decisions** : These are the different functional areas or business units within the company such as : marketing , finance , operations , etc.

#### **4\_ types of company structures:**

Depending on the size of a company and its goals, the organizational structure of the team will vary. Each type has its advantages and disadvantages. There are several types of organizational structures commonly used by companies including:

**a\_ Functional structure** : In these types of structure, employees are grouped based on their specific functions or roles within the organization. For example, there may be separate departments for marketing, finance, operations, etc.

#### **Advantages:**

Specialization: employees can focus their specific areas of expertise, leading to increased efficiency and productivity.

Clear hierarchy: roles and responsibilities are clearly defined, making it easier for employees to understand their roles within the organization.

Cost effective: By grouping employees based on their functions, organizations can reduce duplication of efforts and resources.

#### **Disadvantages:**

Lack of communication: silos can form within functional departments, leading to poor communication and coordination between parts of the organization.

Slow decision making: Decisions may take longer as they need to go through multiple layers of management.

**2\_ Divisional structure:** In divisional structure, the organization is divided into separate divisions or units based on products, services, geographic locations, or customer segments. Each division operates as a separate entity with its own resources and decision making authority.

**Advantages:**

Flexibility: divisions can operate independently, allowing them to respond quickly to changes in their specific markets or environments.

Focus on customers or products: divisions can be organized around specific lines, allowing for a more targeted approach.

**Disadvantages:**

Duplication of resources: Each division may have its own support functions, leading to duplication of efforts and resources.

Lack of coordination: Divisions may operate in silos, leading to poor communication and coordination between different parts of organization.

**3\_ Flat structure:** In a flat structure, there are few levels of hierarchy and employees have more autonomy and decision making authority. This type of structure is often seen in small companies or startups.

**Advantages:**

Improved communication: with fewer layers of management, communication flows more freely throughout the organization .

Faster decision making: decisions can be made quickly as there are fewer levels of approval required.

**Disadvantages:**

Lack of hierarchy: without clear levels of authority, it can be difficult for employees to understand who they report to or who is responsible for what.

Potential for chaos: without clear roles and responsibilities, there is a risk of confusion and chaos within the organization.

**4\_ hierarchical structure:** In a hierarchical structure, there are multiple levels of management with clear lines of authority and reporting relationships. This type of structure is common in larger organizations with more complex operations.

**Advantages:**

Clear chain of command: Hierarchal structures provide a clear hierarchy of authority, making it easier for employees to know who to report to and who is responsible for making decisions.

Efficient decision making: with a clear chain of command, decisions can be made quickly and efficiently as they only need to go through a few levels of management.

**Disadvantages:**

Lack of flexibility: Hierarchical structures can be rigid and inflexible making it difficult to adapt to changes in the business environment.

Communication barriers: communication can be slow and distorted as information needs to pass through multiple levels of management before reaching employees at lower levels.

