

# Traditional vs contemporary organization



## Traditional Vs. Contemporary Organizations Traditional Organizational

Structure The traditional organization is a pyramid with a president at the top, a few vice presidents, layers of management and the majority of employees at the bottom. Jobs are specialized, and information and authority flow from higher to lower levels. In recent years, a variety of organizational structures have come into fruition, such as matrix (flat), networked or virtual. But, the traditional, hierarchical organization still exists.

The traditional organization is lead by a President/CEO, followed by the COO/CFO, followed by department heads and then employees within each department. President/CEO The President or Chief Executive Officer (CEO) is the lead officer of the organization. He is responsible for carrying out the directives and initiatives set forth by the board of directors. He reports directly to the board of directors and ultimately the stockholders. COO/CFO The Chief Operating Officer (COO) and the Chief Financial Officer (CFO) are next in line to the CEO. They are often referred to as vice presidents.

The COO and CFO report directly to the CEO. Department Heads Department heads manage each individual department, such as human resources, accounting, information technology and engineering. Department heads report to the COO or CFO or some combination of both. Employees Employee's carryout the day-to-day work required to produce and deliver products and services sold by organizations. They report to the department heads. Weaknesses of Traditional Structure A strict hierarchical organization hinders response to rapidly changing environments.

It is slower to react to changes in market conditions, and less efficient in taking advantage of knowledge introduced from a variety of sources on the ground. Contemporary Organizational Structure The contemporary design flattens the traditional pyramid structure, facilitates the flow of information to all parts of the organization and reduces response time to external and internal demands. Contemporary organizational structures include matrix, virtual, lattice and networked organizations. The networked organization is the most contemporary of them all because it represents the complete antithesis of the traditional hierarchical structure.

Identification A networked organization is a completely flat. There are no departments, no department heads and, as consequence, no corporate ladder to climb. Instead, work is done in self-directed and self-managed work teams. Leaders earn the ability to lead based on proven knowledge, skills, experience and natural leadership ability. Weaknesses in the Contemporary Structure In less hierarchical organizations, conflicts may break out related to uncertainty about roles, role conflict between managers and " turf wars. " Organizations resolve these problems with training programs run by skilled organizational management trainers

The World Leading Company Unilever was created in 1930 when Margarine Unie, a Dutch margarine company, and Lever Brothers, a British soap and foods company, merged. Today most Unilever sells products in 150 countries under the leading brands such as Dove, Rexona, Lipton, Bertolli, and Knorr. In 2003 Unilever generated revenues \$53. 7 bln and net income \$2. 47 bln. Its current workforce is about 270, 000 employees worldwide. In 2001 Unilever announced its new strategy ' Path to Growth' reducing the number

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of products in its portfolio from 1, 200 to 400, shifting focus to Unilever brands, and creating space for global growth.

One of key strategic thrusts known as ' Building an Enterprise Culture' aims to encourage employees to winning behavior in the marketplace through their mindset, passion, and motivation. This culture is designed through organizational restructuring, assessment, workshops, and rewards.

References \* Reference for Business: Matrix Management and Structure \*

Reference for Business: Organizational Structure \* Flat World Knowledge:

Contemporary Forms of Organizational Structures