

Organization very few
required levels of
authority



**ASSIGN
BUSTER**

Organization structure levels usually refer to the stages of command that exists within a company. These are usually formed depending on the functional area. Common of these include: flat, product, functional and combination. A small company like Wait Till Monday Lodge can either be tall or even flat depending on the situation. The main problem with a tall organization if Jose chose his to be, would be the difficulty in communication as the extras levels introduced results in more time being taken to implement the decisions. On the other hand, if Jose chose his organization it would mean the organization having fewer levels but wide spans of control. It is beneficial as explained below since it leads to wide spans of control but the advantage is it results in quick communication and overworked employees.

An organization structure for a company with few employees can use flat organizational structure because employees perform diverse functions. For example, one employee can work as an accountant, another one cleaning, and another one a waiter thus their functions are usually spread out laterally without multiplication. People who also begin their own companies employ executives laterally with everyone having to report to the owner or directly to the top management. An advantage of using such a system is that decision making is easier and faster since they are very few required levels of authority and the costs of management involved are far much less. The main disadvantage is that decision making lies with one person and this can lead to lagging behind of some organization activities and this would suit Jose's organization since it is small (Nickels, Cossa, McHugh & McHugh, 2005).

Another organizational structure which a business can use is the functional organization structure. In this structure, the levels are usually arranged according to the functions. For example, a company can be divided according to marketing, accounting, research and development. In these divisions there are heads of departments who reports to the Chief Executive Officer. Down the ladder, there are managers who report to the heads of department on the progress each department. The employees report to the managers making up the fourth level in management. The more a small company grows the more levels are established.

A highly functional structure is more efficient for managers in completing their tasks although it is costly for a small company. In case Jose applied this to his organization, it would be expensive since the employees are not many to require the different heads of department and even if it was to be divided, it would not necessarily have many sections (Karen & White, 2001).

Organization structures are also divided according to the products the company produces. Such type of a structure is mostly preferred with departmental stores. For example, a hardware company can divide the hardware according to the house wares, general merchandise and so on.

In return all management levels would fall within specific products. The use of such an organization structure helps the company in producing quality products. The product organization structure is not applicable in the case of Wait Till Monday Lodge as the product or the service offered is one thus division according to production units would not work (Daft, 2009). A firm can also employ the combination of (functional- product) organization structures (also known as the matrix organization structure). The system

<https://assignbuster.com/organization-very-few-required-levels-of-authority/>

tries to combine both the advantages of the functional and product organizational structure.

It utilizes the expertise of the employees and their specialization skills. Such a combination would be suitable for Wait Till Monday Lodge if the organization was a big organization but given its size, the organization structure would be expensive for the organization to operate under (Suttle & Media, 2010). A flat organizational structure would work best for the Wait Till Monday Lodge since such a structure works best with small organization. Wait Till Monday Lodge has roughly 50 employees.

It is also suitable since with the management of the company being centralized under Jose the owner, it will be easier for the employees to be reporting directly to him. The system is also suitable for developing functional skills and functional based competencies helping in specialization and development of expertise and perfection in the duties conducted by the employees. Finally, flat organizational structure enhances operating efficiency where tasks are routine and repetitive.

Reference List

Daft, R. L. (2009). Organization Theory and Design. 10th Edition. New York: Cengage Learning. Karen R. J.

& White, PMP (2001). The Functional to Matrix Transition: common pitfalls. Retrieved from http://www.pmsolutions.com/uploads/pdfs/function_matrix.pdf Nickels, W. G.

, Cossa, R., McHugh J., & McHugh S. (2005). Understanding Canadian Business. 5th Edition. New York: McGraw-Hill Ryerson.

Suttle, R., & Media, D. (2010). Organization Structure Levels. Retrieved from <http://smallbusiness.chron.com/organization-structure-levels-4901.html>