

Interpret Levels and Roles on Organizational Charts

AFTER BEING HIRED by a company, it is recommended and advisable to study and know its organizational chart. You can learn a great deal of information and save yourself from embarrassing mistakes and false assumptions. The organizational chart is similar to viewing a single page snapshot of the whole company.



Objectives:



1. List various purposes of organizational charts.
2. Identify three types of organizational structures.
3. Define the relationships shown on an organizational chart.

Key Terms:



assistant	first-level management	span of control
chain of command	line and staff structure	subordinate
co-worker	mid-level management	superior
decentralized structure	organizational chart	top-level management
executives	project structure	

Understanding Organizational Charts

In school you know that the teacher is responsible for grading your work and evaluating your progress. He or she, in many ways, is your boss. At work, the person responsible for grading your work and evaluating your progress and team contributions is your boss. Everyone has a boss. But who is the boss? Who has the most responsibility, and how is a business organized? How can you see the big picture of an organization? The organizational chart will give you an easy snapshot of even the largest of corporations.

PURPOSES OF ORGANIZATIONAL CHARTS

Organizational charts have many purposes. They show managerial structure and the corresponding communication, authority levels, and job titles.

Managerial Structure and Communication

An **organizational chart** is a chart that graphically represents the managerial structure of an industry, agency, or unit. The chart's purpose is to show the flow of communication and the chain of command. The chart illustrates major work units or departments, the work unit affiliations, employee relationships, and accountability structures.

An organizational chart identifies the **chain of command**—lines of authority and communication within an organization. It may also show the power structure of the organization. Typically, workers report to supervisors, supervisors report to managers, and managers report to top-level management (e.g., vice presidents and CFO), though job titles vary from organization to organization.

Authority Level

Authority and power typically flow from the top to the bottom of an organizational chart. **Span of control** is the number of people directly managed and overseen by a supervisor. This supervisory relationship is graphically portrayed in an organizational chart. A higher physical position on the chart signifies greater overall responsibility, supervision, and authority. A lower physical position on the chart signifies a person with less authority.

Labels and Titles

By interpreting an organizational chart, an individual is able to assign the following labels to various job titles:

- ◆ **Superior** is a job title that has responsibility and/or authority over another job title or titles.
- ◆ **Subordinate** is a job title that reports to the title “above” it on the organizational chart.
- ◆ **Co-worker** is a job title that appears at the same horizontal level on the organizational chart; it may or may not be in the same department or unit.
- ◆ **Assistant** is a person who reports to and works directly for another job title.

Drawbacks

There are some drawbacks to organizational charts. They are not consistent in that they do not reflect individual managerial styles and procedures. They can vary greatly from business to business. They can be out of date quickly (especially in a larger organization) due to turnover, promotions, position adjustments, and reorganizations. They may require frequent updating.

In a family business or a small company, an organizational chart may project the proper chain of command, but it may not show those personal relationships that may need to be developed to flourish within the organization.

Types of Organizational Structures

There are three types of organizational structures or charts. The charts are used for differing situations and offer a way to manage situation-specific details and overviews. Each style lends itself to the conditions of the company or mission: line and staff structure, decentralized structure, and project structure.

LINE AND STAFF

Line and staff structure is the most common type of organizational structure; it traces responsibility and authority from top to bottom. See the following figure.

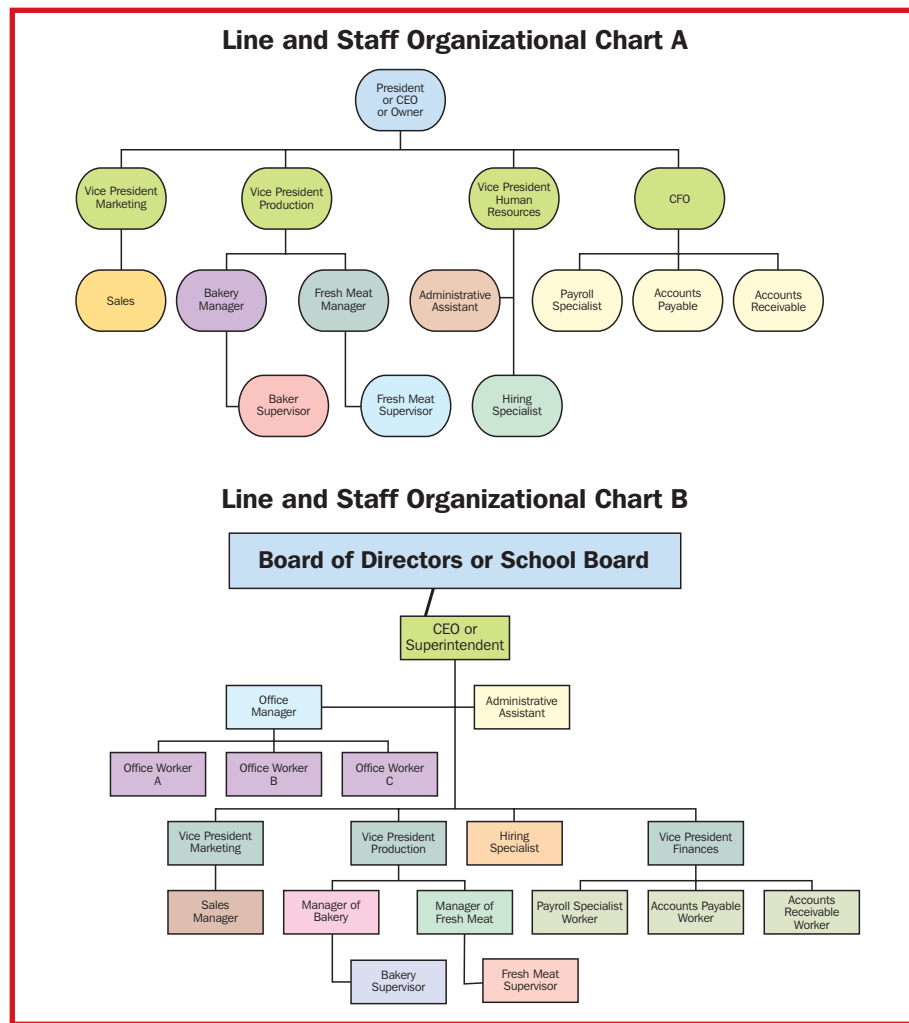


FIGURE 1. Sample line and staff organizational charts.

DECENTRALIZED

In **decentralized structure**, responsibility and authority are divided into smaller operating units (e.g., branch banks and franchise fast-food establishments). With this model, organization may be broken into various operating units catering to a specific product type. For example, large food processors may have a separate “Cheese Singles Operating Unit” and a separate “Bulk Cheese Operating Unit” within the larger organization. Each unit has responsibility and authority for specific operations as shown in the chart. Each unit acts as a separate company within a larger organization.

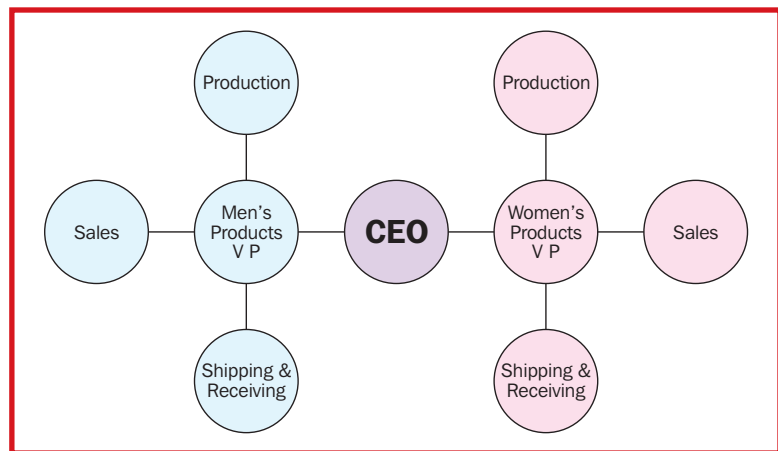


FIGURE 2. Sample decentralized organizational chart.

PROJECT

In **project structure**, teams are organized to complete a specific project. A sample project may be an advertising program or the construction of a computer network for a small business. The amount of organizational structure depends on the depth and breadth of each project and the number of people involved. A project structure ceases when the project is complete, and

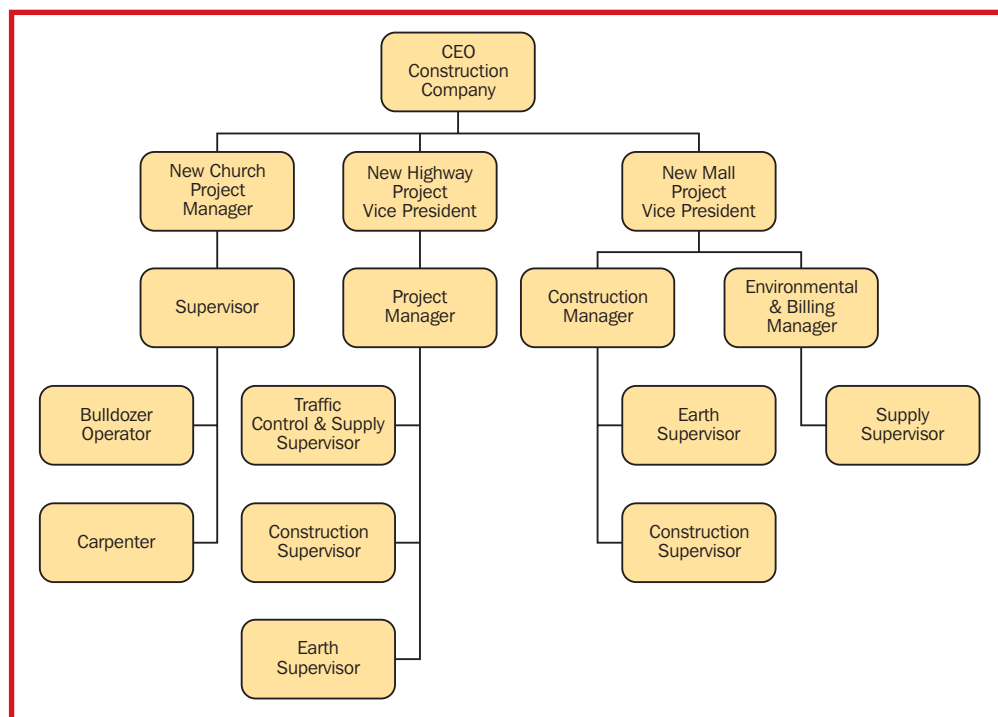


FIGURE 3. Sample project organizational chart.

then a reorganization of staff occurs. For example, the people who worked on the advertising program would be assigned to a new project, perhaps with different responsibilities and authority links than they assumed on the advertising project.

Relationships Shown on an Organizational Chart

Relationships between employees, levels, and departments are portrayed on an organizational chart.

CHAIN OF COMMAND

An organizational chart illustrates the chain of command from top-level management to entry-level employees.

Top-Level Management

Top-level management is a group of people who control and direct the actions of the organization; top-level management has authority over mid-level management. **Executives** are top-level management. Some top-level titles are chief executive officer (CEO), superintendent, president, and manager. These people may make decisions regarding which products to manufacture, which advertising company to hire, which subcontractors to retain, etc.

Mid-Level Management

Mid-level management is a group of people responsible for organizing employees, selecting technology, and developing action plans for task completion. Some mid-level titles



UNDER INVESTIGATION...

LAB CONNECTION: Understanding Organizational Charts

Look at and study Figure 1. Then label the various boxes as to whether the worker is top-level, mid-level, or first-level management. Using Figure 2, clarify whether the vice president of production is a subordinate, superior, assistant, or co-worker to the bakery manager. Is the bakery supervisor a subordinate, superior, assistant, or co-worker to the fresh meat supervisor?

Analyze Figure 3 to clarify whether the traffic control and supply supervisor of the New Highway Project is a subordinate, superior, assistant, or co-worker to the CEO. If there was a concern with the new church project, does the organizational chart “allow” that manager to talk to the earth supervisor of the new mall project?

There are three types of organizational structures or charts. The charts are used for differing situations and offer a way to manage situation-specific details and overviews. Each style lends itself to the conditions of the company or mission. Relationships between employees, levels, and departments are portrayed on an organizational chart. Generally, the higher the physical position on the chart, the greater the overall responsibility, supervision, and authority of the individual.

Checking Your Knowledge:



1. Explain the chain of command for voicing a concern or complaint within an organization.
2. Draw a line and staff organizational chart for a business with which you are familiar.
3. Define the term “span of control.”
4. For what types of decisions would a top-level executive be responsible?
5. Explain the purpose of a project type organizational chart.

Expanding Your Knowledge:



Look online at some agencies, businesses, or schools and see if you can locate organizational charts. What type is used and what deductions can you make from the structure?

Web Links:



Constructing an Organizational Chart

<http://www.referenceforbusiness.com/management/Ob-Or/Organizational-Chart.html>

Organizational Charts

http://www.orgchart.net/wiki/Main_Page

What Is an Organizational Chart?

<http://www.wisegeek.com/what-is-an-organizational-chart.htm>