

Lesson 11.10

**SPAN OF COMMAND, CENTRALIZATION VS
DE-CENTRALIZATION AND LINE VS STAFF AUTHORITY**

Methods of Vertical Coordination

Vertical coordination is the linking of activities at the top of the organization with those at the middle and lower levels in order to achieve organizational goals.

Formalization is the degree to which written policies, rules, procedures, job descriptions, and other documents specify what actions are (or are not) to be taken under a given set of circumstances.

1. Most organizations need some degree of formalization so that fundamental decisions do not have to be made more than once and so that inequities will be less likely to occur.
2. Being too highly formalized can lead to cumbersome operations, slowness in reacting to change, and low levels of creativity and innovation.

Span of management or **span of control** is the number of subordinates who report directly to a specific manager.

1. Managers should have neither too many nor too few subordinates.
2. Research indicates that there is no universally correct span of management for all managers. Rather, spans of management can be narrower or broader depending on the circumstances of each managerial job.
 - a. Subordinates' work is such that little interaction with others is required.
 - b. Managers and/or their subordinates are highly competent.
 - c. The work of subordinates is similar.
 - d. Problems are infrequent.
 - e. Subordinates are located within close physical proximity of one another.
 - f. Managers have few non supervisory duties to perform.
 - g. Managers have additional help such as secretaries or assistants.
 - h. The work is challenging enough to motivate subordinates to do a good job.

Spans of management determine the number of hierarchical levels in an organization.

- a. A **tall structure** is one that has narrow spans of management and many hierarchical levels in an organization.
- b. A **flat structure** is one that has broader spans of management and few hierarchical levels and wide spans of control.

The number of hierarchical levels in an organization affects organizational effectiveness.

- a. Very tall organizations raise administrative overhead, slow communication and decision making, make it more difficult to pinpoint responsibility for various tasks, and encourage the formation of dull, routine jobs.
- b. **Downsizing** is the process of significantly reducing the layers of middle management, expanding the spans of control, and shrinking the size of the work force.
- c. **Restructuring** is the process of making a major change in organization structure that often involves reducing management

levels and also possibly changing some major components of the organization through divestiture and/or acquisition.

- d. Downsizing must be planned and implemented carefully.
 - 1) Done well, downsizing may result in reduced costs, faster decision making, more challenging jobs, fewer redundancies, and increased innovation.
 - 2) Done poorly, downsizing may result in the loss of valuable employees, demoralized survivors, and an ultimate decline in productivity.
 - 3) A five-year study showed only increases in profits and productivity in a relatively small number of firms that downsized while most had noticeable decreased in morale.

The degree to which authority in an organization is centralized or decentralized affects the pattern of decision making in the organization.

1. **Centralization** is the extent to which power and authority are retained at the top organizational levels.
2. **Decentralization** is the extent to which power and authority are delegated to lower levels.
3. An organization is centralized if decisions made at lower levels are governed by a restrictive set of policies, procedures, and rules, and if situations not explicitly covered are referred to higher levels for resolution.
4. An organization is decentralized to the extent that decisions made at lower levels are made within a general set of policies, procedures, and rules, with decisions not covered left to the discretion of lower-level managers.
5. Centralization offers advantages.
 - a. It is easier to coordinate the activities of various units and individuals.
 - b. Top managers have more experience and may therefore make better decisions.
 - c. Top managers have a broader perspective on decision situations.
 - d. Duplication of effort by various organizational units can be avoided.
 - e. Strong leadership is promoted.
6. Decentralization offers advantages.
 - a. Top managers can concentrate upon major issues.
 - b. The jobs of lower-level employees are enriched by the challenge of making decisions.
 - c. Decisions can be made faster.
 - d. Individuals at lower levels may be closer to the problem and may be in a better position to make good decisions.
 - e. Relatively independent units emerge as divisions, with more easily measured outputs.
7. Organizations should move toward a decentralized structure when:
 - a. The organization is so large that top managers do not have the time or the knowledge to make all the major decisions.
 - b. Operations are geographically dispersed.
 - c. Top managers cannot keep up with complex technology.
 - d. The environment is increasingly uncertain.

The configuration of line and staff positions can affect the vertical integration in organizations.

1. A **line position** is a position that has authority and responsibility for achieving the major goals of the organization.

2. A **staff position** is a position whose primary purpose is providing specialized expertise and assistance to line positions.
3. Line authority differs from staff authority.
 - a. **Line authority** is authority that follows the chain of command established by the formal hierarchy.
 - b. Staff departments have **functional authority**, authority over others in the organization in matters related directly to the staff departments' functions.
 - c. Conflicts of line and functional authority.
 - 1) Staff personnel may usurp line authority.
 - 2) Line personnel may abdicate responsibility of staff departments.
 - 3) Conflicts may be avoided by clarifying lines of authority and encouraging team work.
 - d. Recently a trend had developed to reduce the number of corporate-level staff positions in cost cutting moves.

Promoting Innovation: Methods of Horizontal coordination

Horizontal coordination is the linking of activities across departments at similar levels.

1. The need for horizontal coordination in an organization is directly proportional to the information-processing needs of the organization.
2. Organizations need to process more information under certain circumstances.
 - a. The organization faces complex and/or changing technology.
 - b. The environment is uncertain.
 - c. The company is growing.
3. In facilitating information processing across the organization, horizontal coordination also promotes innovation.
 - a. New ideas are more likely to emerge when views are shared.
 - b. Awareness of problems and opportunities across areas may spark creative solutions.
 - c. Involving employees in the development of ideas promotes commitment to proposed changes.

A **managerial integrator** is a manager who is given the tasks of coordinating related work that involves several functional departments.

- 1) Project managers usually are responsible for coordinating the work associated with a particular project until its completion.
- 2) Product managers orchestrate the launching of new products and services and may then continue coordinating interdepartmental work related to the new products and services.
- 3) Brand manager coordinate organizational efforts involving particular brand-name products, most often within the soap, food, and toiletries industries.

Managerial integrators do not have the line authority and must gain the cooperation of staff managers to implement their proposals.