Chapter 4 – Chapter summary solutions

1. a **Organisational structure** (also known as management structure): The method or framework by which staff, departments, divisions or regions work and interact with each other. Organisations usually adopt some form of hierarchical management structure that incorporates the three levels of management – senior, middle and front-line.

   b **Line management**: Responsible for and has direct authority over subordinates within their area of responsibility. For example, a marketing manager has responsibility for and authority over the subordinates working within the marketing department.

   c **Bureaucracy**: A complex hierarchical management structure based on clear division of labour, downward communication, centralised decision-making, line management and a narrow span of control. The Australian Defence Forces and the Victoria Police are both examples of organisations that adopt this form of management structure.

   d **Corporate culture**: The shared values and beliefs of an organisation that can then act to influence the actions and decision-making style of both managers and employees of that organisation. For example, Virgin Airlines has a corporate culture that celebrates entrepreneurial values and therefore impacts upon the dynamic way it operates its business.

   e **Policy procedures**: The interrelated steps used to implement a policy. For example, the SmokeFree workplace policy at The Geelong Football Club has a set of procedures in place that detail the actions to be undertaken should a spectator/visitor smoke at that venue.

   f **Environmental policy**: A written statement of the processes and procedures, rules and regulations relating to environmental matters at a workplace. An organisation may adopt waste management or pollution reduction processes and procedures as part of its environmental policy.

2. a The structure of an organisation refers to the segmentation of activity within that organisation.
b To have a Victorian, a West Australian and a Queensland division is an example of geographic departmentalisation.

c The further up the hierarchy a manager is the greater the amount of power and responsibility held by that person.

d Corporate culture is a system of shared values and beliefs.

e A policy is a written statement detailing processes, procedures, rules and regulations.

f Work–life policies allow employees increased flexibility in work–life balance.

3 The key features of a bureaucracy are:

- Clear division of labour
- Communication – downward
- Employee performance judged against budgets, benchmarks and peers
- Centralised decision-making
- Clearly defined management hierarchy
- Narrow span of control
- Defined salary and benefits at each level
- Clearly defined selection and promotion procedures
- Clear accountability.

4 The purpose of an organisational chart is to provide a graphic representation of the lines of authority and levels of hierarchy in an organisation. It illustrates the relationships between people within the organisation.

Its key features are:

- Showing key positions of accountability
- Demonstrating lines of communication
- Indicating levels of management (CEO to front-line manager)
- Setting out organisational positions, roles and responsibilities
- Showing the hierarchical, linear flows of information and direction
- Indicating whether the decision-making is centralised or decentralised
- Chain of command – showing who is responsible to whom
- Span of manager’s control – giving an indication as to whether it is broad or narrow.
Senior or executive management is the top or highest level of management. It is responsible for the strategic (long-term) planning and decision-making for the whole organisation. They have the highest level of authority and control of all management levels.

Middle managers are those managers in charge or responsible for their designated department or division. For example, in a bank such as ANZ Bank, the middle manager is the branch manager. For a supermarket chain, the store manager is the middle manager. They have responsibility for tactical decision making and planning, with authority and control over their designated department.

Front-line management may be referred to as supervisors, team leaders or leading hands. They are responsible for the day-to-day planning and decision-making and have authority and control over their immediate area of operations.

As a manager progresses up the management hierarchy, his or her level of responsibility, authority and control increases.

Four factors that influence the development of corporate culture. Listed below are a range of factors – others may also be relevant.

- The example or role modelling played by management and the leadership team
- The HR policies and approach used to recruit and select employees
- The emphasis placed on having a diverse workforce
- Induction, mentoring and training programs
- The manner in which employees are recognised and rewarded for positive behaviour, values and beliefs.

Primary and secondary school – students’ own observations

Body Shop – innovative, care for the environment and against testing of products on animals, youthful. David Jones – upmarket, exclusive, fashionable, trend setting, an institution in retailing.

A policy is a written statement of the processes and procedures, rules and regulations. The fact that the policy has gone through a development process with input from stakeholders who should feel some ownership of the process, and that it has the approval of
management, means that the implementation of the policy in a consistent manner should be easier.

9 Evaluate effectiveness of policy by identifying whether it has achieved what it set out to do or the issue that it needed to address.

10 Some suggestions are listed below. Students will need to identify policies and then explain them.
   a OH&S
   b Carbon emission policy
   c Sexual harassment policy
   d Uniform policy
   e Safe (responsible) labour practices