



Section 2.2

Activity 2.2.1

1. A 'centralised decision-making structure' means a business keeping all of the important decision-making powers within head office or the centre of the organisation.
2. The difference between centralised and decentralised decision-making in an organisation like Tata is the way decisions are taken. A centralised structure means major decisions are taken by the head office, while in a decentralised structure decisions are delegated to other offices.
3. Reasons why Tata might maintain centralised control over finance and corporate strategy include:
 - Consistent policies on important business functions
 - Decisions are taken for the good of the whole organisation
 - Decisions are taken by experienced decision-makers.

Activity 2.2.2

1. A 'hierarchical structure' is where power and responsibility are clearly specified and allocated to individuals according to their standing or position in the hierarchy.
2. Labour productivity might be lower in MAS because of:
 - Ineffective management
 - Poorly motivated workers
 - Inefficient operations management systems.
3. Possible effects on MAS's performance of separating domestic and international operations might be:
 - More local decisions can be taken that reflect local conditions
 - Delegated decision-making might empower and motivate workers
 - Decision-making can be more flexible and reactive to changing conditions.
4. The advantages of MAS delayering its organisational structure on different stakeholders might be:
 - Middle managers and employees have more decisions delegated to them, which empowers them
 - A reduction of labour costs as there are fewer middle managers
 - Decision-makers are closer to the effects of their decisions so they have better information.

The disadvantages might be:

- Senior managers have to delegate more decisions, which reduces their control



- There are fewer positions of responsibility for employees to be promoted to
- Employees need more training
- Some managers are made redundant.

Activity 2.2.3

In order to understand the cultural differences when communicating with three different stakeholder groups, Coca-Cola may consider:

- The level of formality
- The specific nature of information given
- The way information is sequenced
- The context of the information and the time sequence for the communication.

Three different stakeholder groups Coca-Cola may consider how it communicates with includes:

- Employees
- Customers
- Shareholders.

In the case of Europe (low-context cultures) Coca-Cola might need to be more specific and formal when communicating with shareholders, customers and employers, compared with in Latin American countries, where communication needs to be less formal.

Activity 2.2.4

Research task.

Activity 2.2.5

1. 'Effective communication' is the exchange of information between people or groups, with feedback.
2. Multinational organisations can communicate with customers via:
 - Email
 - Intranet
 - Text messaging.



3. Benefits to multinational businesses of using the latest communication technology when communicating with customers might include:
 - Speed
 - Low cost
 - Specific targeting.
4. The potential advantages of a business focusing on new technology for internal communication might include:
 - Reduced cost
 - Increased speed
 - Improved record keeping
 - Ability of employees to function away from business.

The disadvantages might be:

- Increased work pressure on employees
- Less face-to-face communication
- Threat of system failure
- Security threat on communication
- Investment cost in the communication system.

Exam practice question

1. 'Delaying' is the removal of one or more of the levels of hierarchy from an organisational structure.
2. Culture conflict might exist at Mitsubishi motors because of differences between:
 - Japanese and German managers
 - COO team and MMC team
 - Younger and older managers.
3. Reducing the chain of command through delaying might bring the following benefits to Mitsubishi:
 - Improved communication
 - More control for managers
 - Reduced management costs.
4. The advantages for Mitsubishi's efficiency might include:
 - Improved communication
 - More control for managers
 - Greater flexibility and ability to change.



It might also have the following disadvantages:

- Resentment among some managers towards change
- Widening the span of control of managers puts more demands on managers
- Loss of experienced managers.

Key concept question

The importance of innovation and culture in a business's organisational structure may cover the following points.

Innovation:

- Satisfies the need for the organisational structure to react to technological change
- Satisfies the need for the structure to react to market-based change
- Enables a structure that generates new ideas
- Enables a structure that can manage change effectively.

Culture:

- Helps to determine the culture of the organisation
- Satisfies the need for the organisational structure to react to cultural change
- Satisfies the need for the organisational structure to create an effective culture in the organisation
- Informs the way managers deal with employees of different cultures in the organisation structure.