

Disadvantages:

- Can cause job insecurity, demotion, redundancy
- Overloading of employees
- Larger teams take decisions slower

Bureaucracy

Execution of tasks that are governed by official administrative and formal rules of an organisation. It involves clear division of roles for a hierarchical system in the organisation and follows these principles-

- Prioritisation of continuity (less risk)
- Rules and regulations
- Formal hierarchy
- Accountability

Advantages:

- Authority and levels of responsibility are obvious
- Standardization of processes to ensure efficiency

Disadvantages:

- May stifle creativity
- Rivalries between departments may ensue
- Less job satisfaction; high labor turnover rate
- Slow decision-making process
- Salaries for the different layers of management increases costs

Centralisation and Decentralisation

Discusses the extent to which decision-making power is in the hands of the people of the firm.

Centralised Structures:

- Executive board handles major decision making of the company
- Majority of decision making by minority (senior mgmt.)