

Chapter 7 Business Management

Section 7.2 Management Structures

Section Summary with Key Terms and Academic Vocabulary

Management Structures There are several different management structures, including line authority; line and staff authority; centralized or decentralized authority; and formal or informal authority. Each has its own advantages and disadvantages. A business should adopt the structure that makes it operate at its best to maximize profits. Successful managers are task-oriented and able to work under pressure. Many people aspire to become managers because of advantages such as increased income, prestige, and the ability to make things happen. Disadvantages of being a manager include stress and accepting responsibility for other people's mistakes.

Key Terms _____

line authority An organizational structure in which managers at the top of the line are in charge of those beneath them, and so on

line and staff authority An organizational structure with direct lines of authority as well as staff who advise line personnel

centralized organization An organization that puts authority in one place—with top management

decentralized organization An organization that gives authority to a number of different managers

departmentalization Dividing responsibility among specific units, or departments

entry-level job Job suitable for a worker who is new to a job, field, or subject

Academic Vocabulary _____

structure Coherent form or organization

authority The power to influence or command thought, opinion, or behavior

evident Capable of being seen or noticed

sector A sociological, economic, or political subdivision of society