Company Hierarchy

A corporate hierarchy delineates both authority and responsibility, and designates leadership over a corporation's employees, departments, divisions, and other executives depending on their place within the strata.

Providing staff with a company hierarchy provide them with an overall understanding of how the company functions, as well as who individuals are that they may need to contact. Knowing the Compliance Officer, the Safety Officer, and the Risk Manager are often required for employees to know in certain industries.

If there are complaints or grievances, knowing who should be contacted first allows for appropriate and efficient processing. Most corporate hierarchies resemble a pyramid, where the most powerful person is at the top and their subordinates sit underneath.

When businesses are small, or just starting out, the organizational structure may be fairly simple. But as companies grow, the structure becomes more complex.

In a public company, the board of directors is a group of people elected or appointed to represent the interests of shareholders. The board has certain duties such as hiring and firing executives, setting executive compensation, establishing dividends, and other administrative policies. This group is led by a chairperson who usually resides at the top of the hierarchy.

The next group is made up of the company's executive officers, led by the chief executive officer (CEO). The CEO is the highest-ranking executive. The CEO's duties include making major corporate decisions and managing the overall operations of the corporation. Other executives include the chief financial officer (CFO), the chief operating officer (COO), and the chief information officer (CIO)—all of whom require a great deal of executive experience.

The next major group consists of administrators. These include those that manage major areas of the company such as compliance, risk management, quality improvement, payroll, bookkeeping, accounting, IT, among others.

In the next level is what’s known as middle management. These are the immediate supervisors and managers of departments. These are those that give direct guidance and management to employees that carry out the everyday tasks and engage with customers.

Having a general understanding of the company’s hierarchy helps each employee feel they are part of the whole company and what their role and contribution to the company is.