

## Ch-3 - Organizational Structure and Design

\* Explain types of Organizational Structure.

=> There are main Five Organizational structure.

- 1) Functional Organization
- 2) Market Organization
- 3) Process Departmentalization
- 4) Geographic Organization
- 5) Division by Customer.

### 1 Functional Organization:

Functional Organization is the most logical and basic structure of Organization.

In this type of Organization, Organization are divided into the roles and according to skill into the smaller groups or department.

Employees are grouped by their skill, so they increase performance of the team.

Functional Organizational Structure is complex and expensive.

## 2. Market Organization :

Market Organization is also called Product Organization.

Market Organization helps in taking decisions regarding the production, packing or sales.

Market Organization is efficient way to use resources.

Market Organizational Structure is costly and some time lack of coordination is occurs.

## 3. Process Departmentalization :

(\*) Explain Departmentalization.

Process Departmentalization  
use to divided similar Process  
Group.

Process Departmentalization  
Structure design the group  
that have similar process.

Process Departmentalization  
is use to division of work  
proper and Perform proper  
operation together.

This Organization some time  
loss coordination and loss  
unity of command.

#### 4 Geographic Organization:

In Geographic Organization,  
Organization divided according  
to geographic  
requirement.

In Geographic Organization,  
Organization divided into  
small groups for different  
regions or area.

Geographics Organization improve the coordination within the market.

Geographic Organization structure is difficult to maintain.

### 5 Division by Customer:

In division by customer, the organization divided into according to customer.

In Division by Customer, Organization divided according to customer uses of product.

Division by Customer get easily coordination and high work performances.

Division by Customer Organization some time uses for only long term short term achieve goal.

\* Explain Work Specialization.

=> Work Specialization is work on division of Labor.

Work Specialization is allow to divided the complex task into the small task.

In work Specialization, small group can be work only one particular task.

Work Specialization is used to focuses only one task in one group of people.

Work Specialization is allow to manager division of work according to requirement of work or task.

Work specialization is beneficial in Organization.

- Advantages:

1 Work Specialization can be performed more efficiently.

2 Employees can gain and experiences on particular task.

3 Work Specialization is a time saving organization.

- Disadvantages:

1 Work Specialization can increase poor quality management.

2 Work Specialization can increase despecialization of process.

3 Changes a adapt is difficult.

\* Explain Chain of Command.

=> Chain of Command is used to divide the Authority in the organization.

Chain of command is the line of authority that extends from the upper organization level to the lower organization level.

Chain of command is maintained to maintain the unity of command.

Chain of command is used to clarify to which level manager reports to which level manager.

Chain of command contains three other concepts.

- C1) Authority
- C2) Responsibility
- C3) Unity of Command.

## 1 Authority :

Every level manager have some authority to do order in Organization.

Manager should order to lower level employee or manager what to do in Organization.

## 2 Responsibility :

Every level manager have some responsibility to complete work in organization.

Manager have responsibility to lower level employee or manager complete work at a right time and right place.

## 3 Unity of Command :

Only one manager have authority to do order in organization.



\* Explain Span of Control.

⇒ Span of Control is also called Span of management.

Span of Control is used to manage the employee reporting at different level of organization.

Span of Control is described that number of people report the one manager in order of hierarchy.

Employee has to report the Supervisor, there are many Supervisor in organization.

That Supervisor have to report the Middle level manager in Organization.

Every Department have one department manager or middle level manager.

Middle level Manager have to report top level Manager.

Then Top level Manager have whole Organization performance report.

\* Difference between Centralization and Decentralization.

=> Centralization	Decentralization
1 Control by only one authority.	Control by users.
2 System are costly to set up.	System are cheaper to set up.
3 System are harder to scale.	System are easier to scale.
4 Decision making is centralized.	Decision making is distributed.
5 Use less human resources.	Use more human resources.

6 Information can be passed only one point. Information can be passed various points.

7 Decision making process is slow. Decision making process is fast.

8 Employee can be demotivated or dissatisfied. Employee are highly motivated or satisfied.

9 Employee become less creative. Employee become highly creative.

10 Used for small sized organization. Used for large sized organization.

\* Explain two models of Organizational Design.

⇒ There are two models of Organizational Design.

- 1) Mechanistic Structure
- 2) Organic Structure.

## (\*) Difference between Mechanistic and Organic Structure.

	Mechanistic	Organic
1	Employee focuses only one task.	Employee works together on task.
2	Centralized System	Decentralized System.
3	Well Defined authority.	Complex authority.
4	Narrow Spans of Control.	Larges Spans of Control.
5	Decision Formalization is high.	Design Formalization is low.
6	Clear Chain of Command.	Free flow of Information.
7	More Formal Communication.	Less Formal Communication.

\* Explain Common Organizational Designs.

=> There are two types of Common Organizational Designs.

1) Traditional Organizational Designs.

2) Contemporary Organizational Designs.

1 Traditional Organizational Designs:

This Organizational Design is a Mechanistic in nature.

There are three types of Traditional Organizational.

ci) Simple Structure

cii) Functional Structure

ciii) Divisional Structure.

ci) Simple Structure:

Simple Structure Design is fast, flexible and cheaper to maintain.

In Simple Structure, authority is centralized in a single person.

### cii) Functional Structure:

Functional Structure is design the small group of people to one particular function.

Functional Structure is complex and expensive to manage.

### ciii) Divisional Structure:

Divisional structure is divided organization into the small units.

Divisional structure may be decrease efficiency and occurs lack of coordination.

## 2 Contemporary Organizational Designs.

This Organizational designs is a Organic in a nature.

There are three types of Contemporary Organizational Designs.

ci) Team Structures

cii) Matrix and Project Structures

ciii) Boundaryless Structures.

### ci) Team Structures:

Team Structures in which the entire organization is made up of group or teams.

In this Structures all employee are more involved and employee fill the pressure to perform work.

### cii) Matrix and Project Structures:

In this Structures, every employee assigns a one

Project for work. Once Project is completed than employees move to next project.

Assigning task to employee is complex.

ciii) Boundaryless Structure:

A structures that is not defined any type of Boundary.

A structures includes virtual and network types of organizations.

This structures, some time loss lack of control or loss communication.