



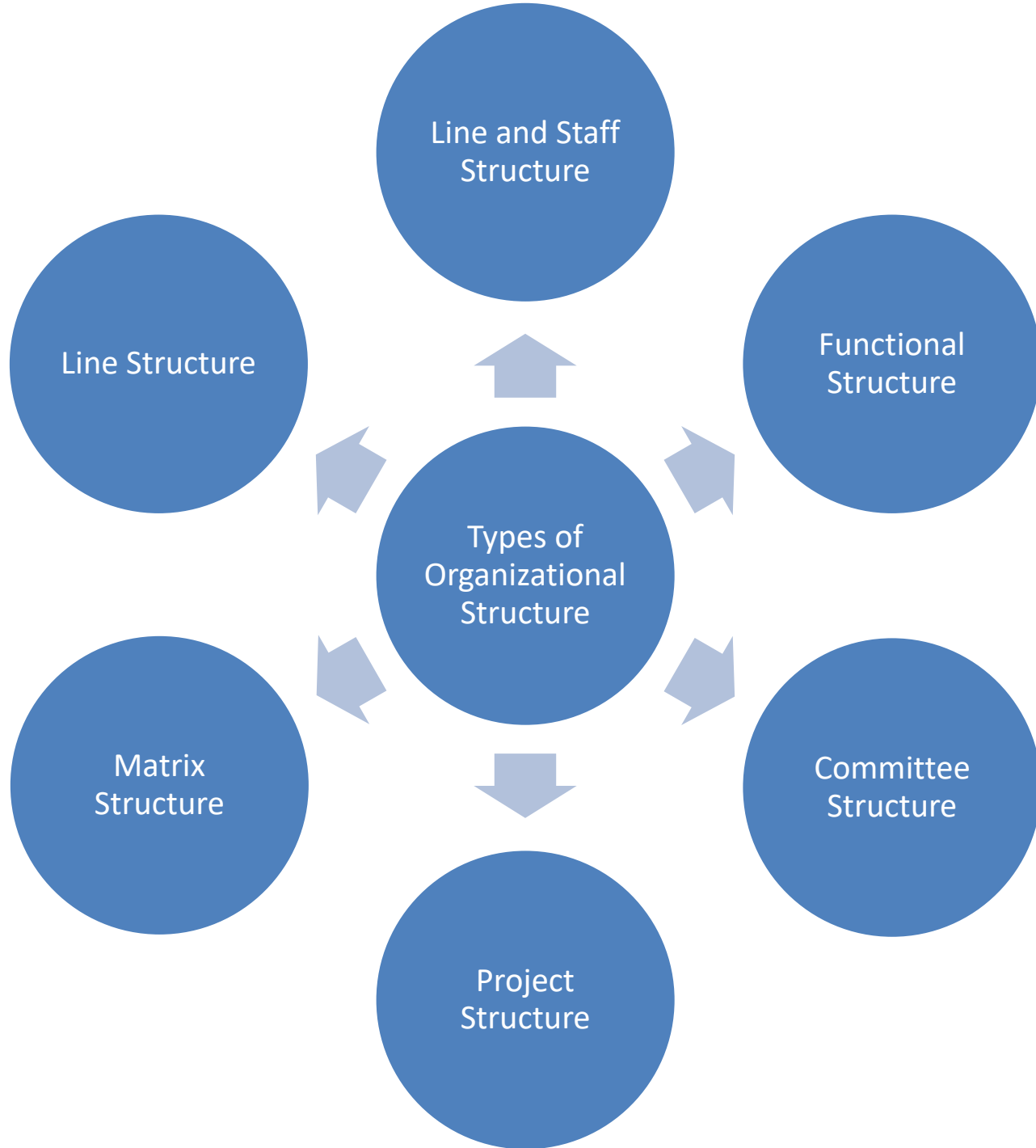
ORGANIZATION STRUCTURE

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Definition

An **organizational structure** defines how activities such as **task allocation**, coordination, and supervision are directed toward the achievement of organizational aims.

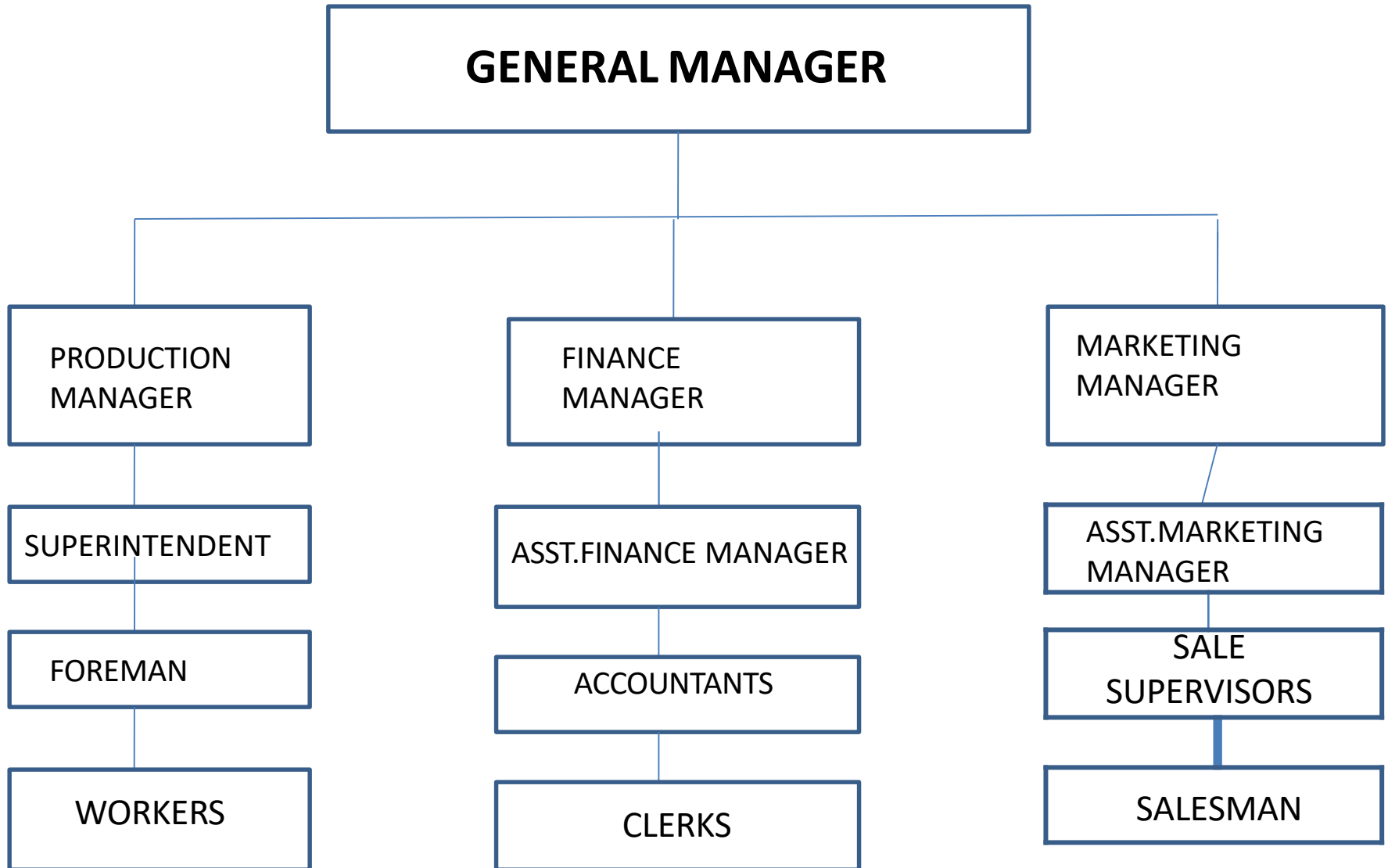
An organizational structure is simply the pattern or network of division of these roles and responsibilities. Thus, which person has to perform which task is what the organizational structure explains. Such a structure also depicts the hierarchy in which members of an organization rank themselves.



LINE ORGANIZATION

Line organization is the simplest form of organization and is most common among small companies. The authority is embedded in the hierarchical structure and it flows in a direct line from the top of the managerial hierarchy down to different levels of managers and subordinates and further down to the operative levels of workers. It clearly identifies authority, responsibility and accountability at each level.

LINE ORGANIZATION



ADVANTAGES OF LINE ORGANIZATION

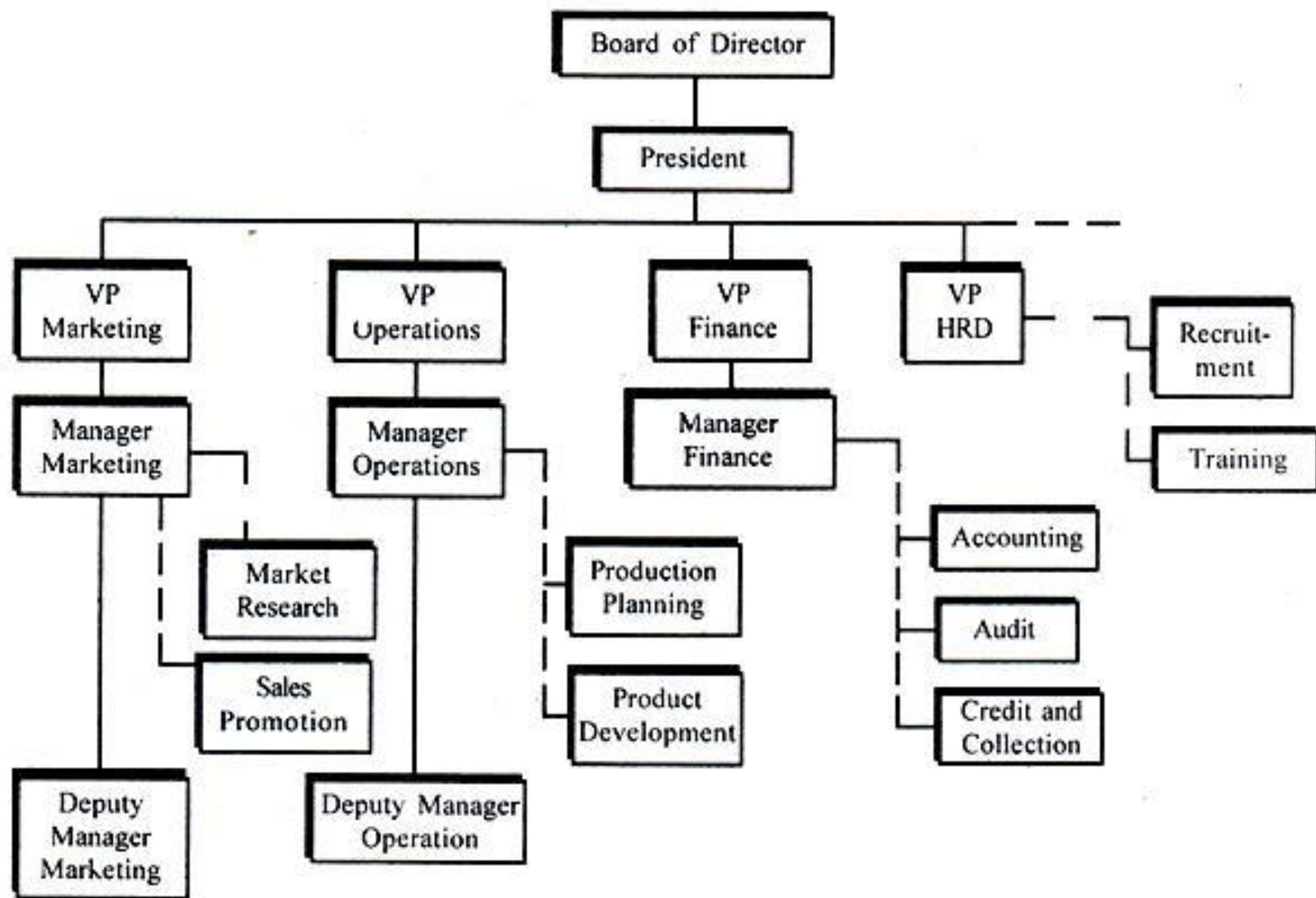
- ✓ Easy to establish
- ✓ Facilitates unity of command
- ✓ Clear cut identification of authority & responsibility relationship
- ✓ Ensures excellent discipline

DISADVANTAGES

- ✓ Makes the superiors too overloaded with work
- ✓ Concentration of authority at the top
- ✓ Not suitable to big organizations
- ✓ Lack of communication

LINE & STAFF ORGANIZATION

In this type of organization, the functional specialists are added to the line, thus giving the line the advantages of specialists. This type of organization is most common in our business economy and especially among large enterprises. Staff is basically advisory in nature and usually does not possess and command authority over line managers.



Legend : — Line Authority

-- Staff Relationship

ADVANTAGES OF LINE & STAFF ORGANIZATIONS

- Specialized knowledge
- Reduction of burden
- Proper weightage
- Better decisions
- Flexibility
- Unity of command

DISADVANTAGES

- Conflict between the line & staff executives
- Allocation of duties
- Not accountable
- Difference between the orientation of the line & staff men

Line organization vs. Line & Staff organization

Line organization

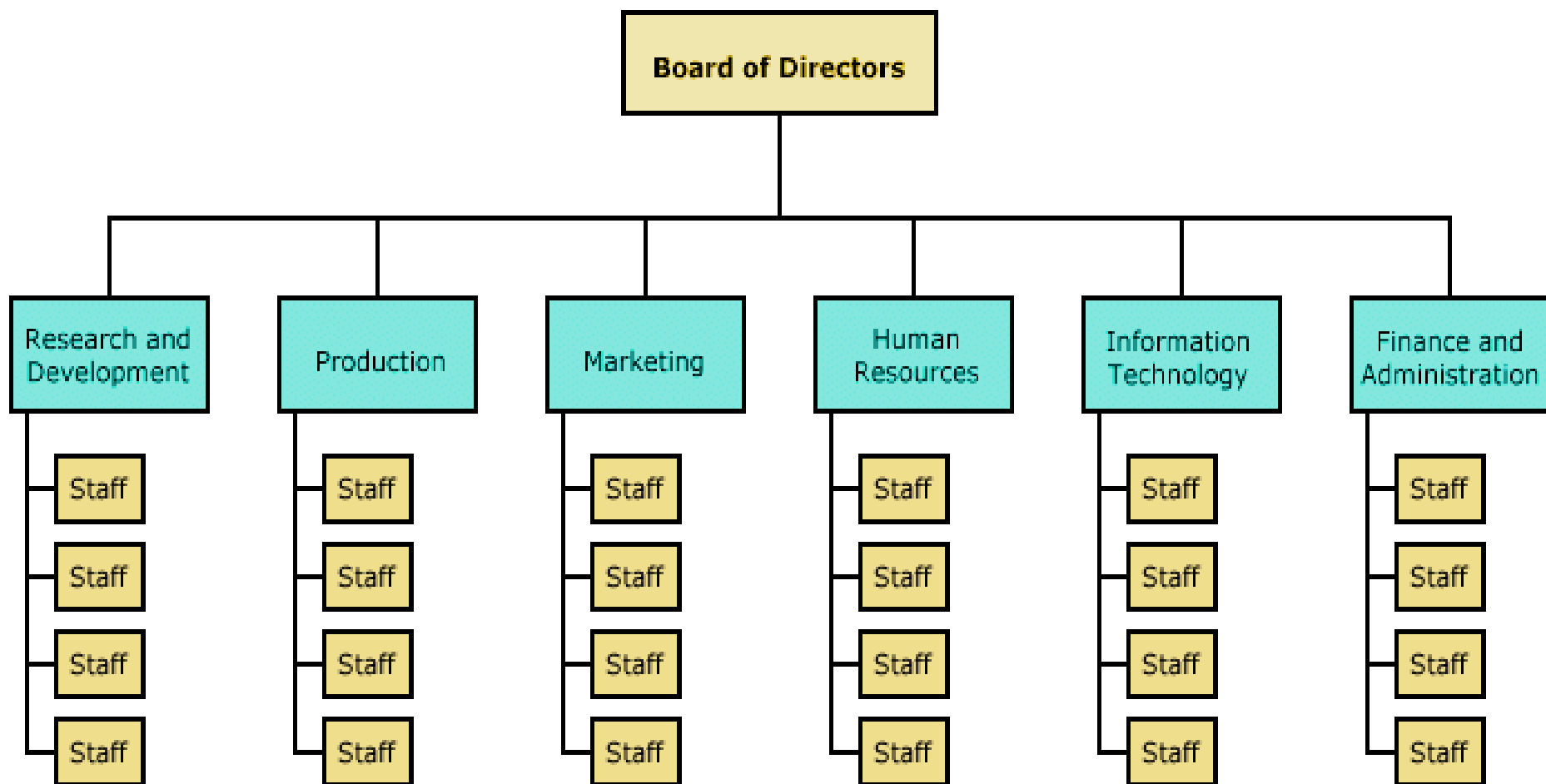
- Refers to those positions which have the responsibility of achieving the primary objectives of the organization.
- No experts to assist & advice.
- No scope of friction between line & staff.
- Strict discipline.
- Not based upon planned specialization.

Line & staff organization

- Refers to those positions which have the responsibility for providing advice & service to the line in attainment of organizational objectives.
- Have experts to assist & Advice.
- Always a risk of friction between line & staff.
- Loose discipline.
- Based upon planned specialization.

FUNCTIONAL ORGANIZATION

- A functional organizational structure is a structure used to organize workers. They are grouped based on their specific skills and knowledge. It vertically structures each department with roles from the president to finance and sales departments, to customer service, to employees assigned to one product or service. Functional organizations contain specialized units that report to a single authority, usually called top management.



FUNCTIONAL ORGANIZATION

Advantages

- ❖ Specialization
- ❖ Executive development
- ❖ Reduction of workload
- ❖ Scope for expansion
- ❖ Better control

Disadvantages

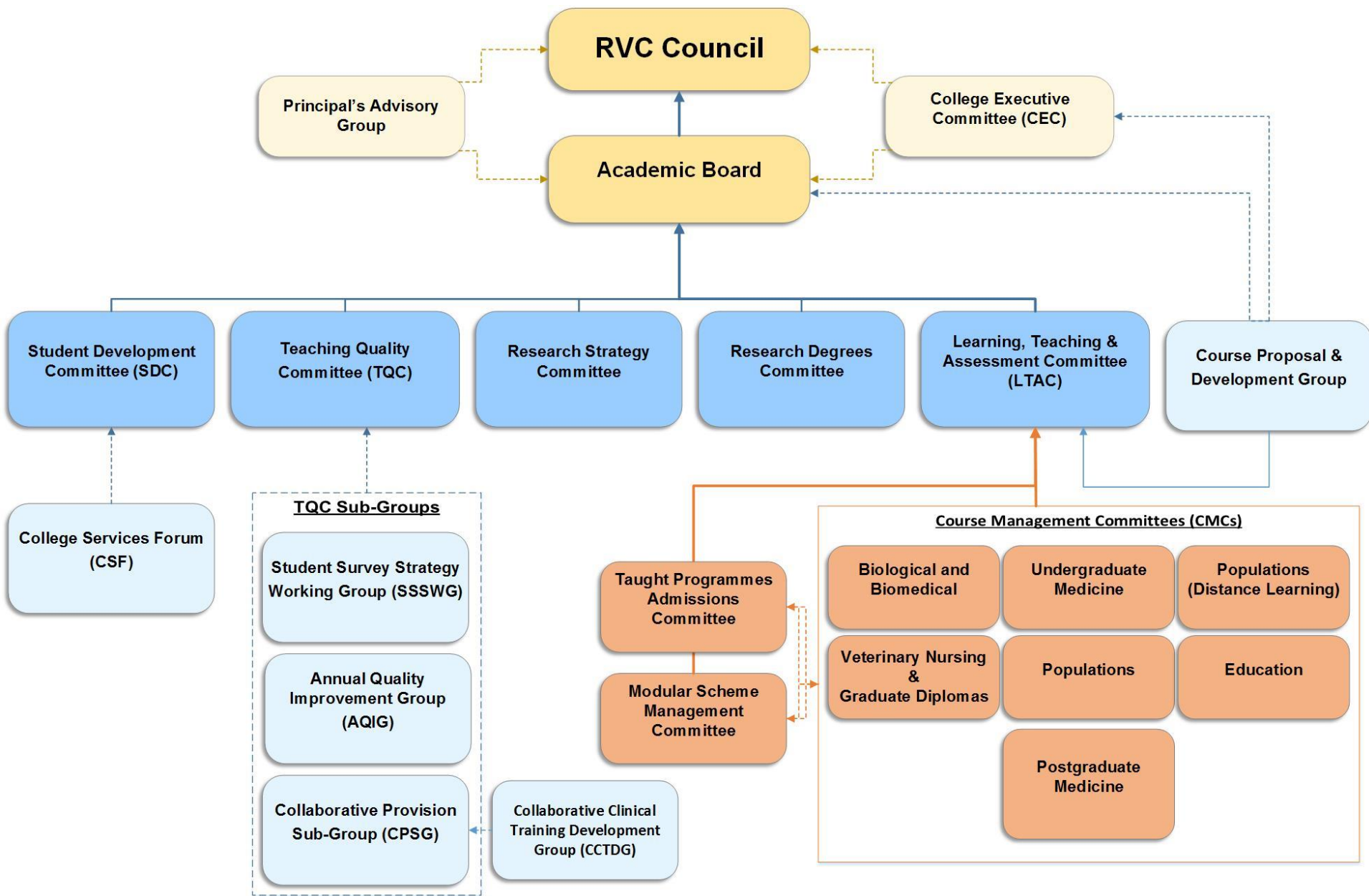
- Violates the principle of unity of command
- Operation is complicated
- Lack of coordination

COMMITTEE STRUCTURE

A committee structure is where a group of persons are entrusted in a task.

Types of committee structure :

- Standing or permanent committee.
- Temporary or ad hoc committee.
- Executive committee.
- Advisory committee.
- Formal committee.
- Informal committee.



Merits of committee structure :

- Proper control and coordination among individuals and departments.
- Motivation through participation.
- Check against misuse of power.

Demerits of committee structure :

- Expensive to constitute a committee.
- Time consuming and slow decision making.
- Compromise decision.
- Suppression of ideas.

PROJECT STRUCTURE

A project structure is one where various projects are undertaken.

It varies from organisation to organisation depending on the project adopted. The time period also depends on the project as more time period is required for long term projects and vice versa.

The team leader organises and coordinates all the actions and activities.

Merits of project structure :

- Maximum utilization of knowledge and skills.
- Unity of command exists.
- Fixation of individual responsibility.
- Focuses attention on specific projects.
- Ensures better coordination.

Demerits of project structure :

- Pressure and uncertainty due to several opinions.
- Difficulty in decision making.
- Evaluation of performance is difficult due to difference in performance, work, and ability.

MATRIX STRUCTURE

A matrix structure is suitable where there are large number of small projects.

Also called :

- Multiple command system.
- Linking pins.

General Manager

Production
Manger

Finance
Manger

Marketing
Manager

R & D
Manager

Project A
Manager

Production
Group

Finance
Group

Marketing
Group

Personal
Group

Project B
Manager

Production
Group

Finance
Group

Marketing
Group

Personal
Group

Project C
Manager

Production
Group

Finance
Group

Marketing
Group

Personal
Group

Merits of matrix structure

- Best utilisation and allocation of resources.
- Benefits coordination under each projects.
- Promotes communication.
- Permits high degree of flexibility and adaptability.

Demerits of matrix structure

- Is against the unity of command.
- Quick decision making is not possible.
- Gives scope for conflicts.

References

- **Principles and Practices by L.M. Prasad**

THANK YOU

