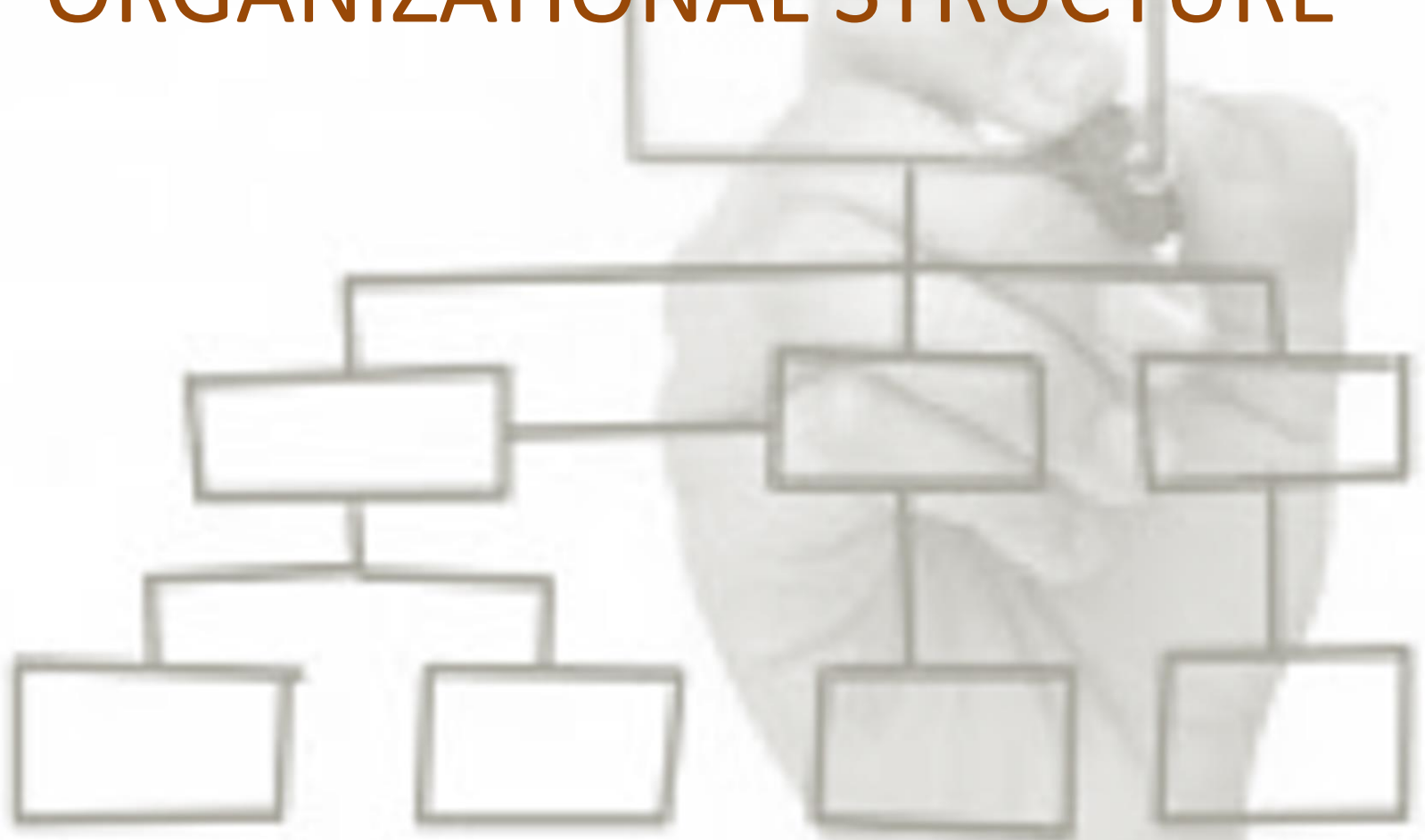
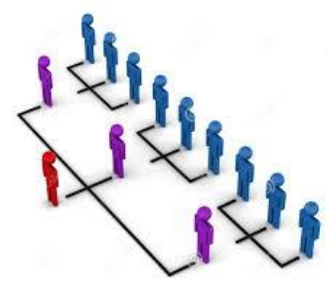


# ORGANIZATIONAL STRUCTURE



# Agenda



- Need for Organization Structure
- Organization Structure-Key Elements
- Types of Organization Structure

# *Why Organization Structure...?*

- *From Chaos to Order*
- *Complexity to Simplicity*



# What is the need for Organization Structure?



“The answer lies in the definition of Organization it self”

- Three Pillars of an Organization
- Two or more people
- Common Goal or Interest
- Willingness to work together



# ORGANISATION

**PEOPLE**

**GOAL**

**WILL**

# What structure gives



- Efficiency and Productivity
- Optimization of Operations
- Clarity of Roles and Functions
- Objectivity
- Authority
- Chain of Command
- Lines of Communication
- In the Context of Govt Function.
- Spread of Govt
- Volume of Work
- Accountability
- Responsibility
- Effectiveness
- Evaluation
- Supervision



# What is Organization Structure?



Organizational structure defines how job tasks are formally divided, grouped and coordinated

These structures have a bearing on attitudes and behaviors

Organizational design- a process in which managers develop or change their organization's structure



# Key Elements of Organization Structure



## THE KEY QUESTION

- To what degree are tasks subdivided?
- On what basis will jobs be grouped together?
- To whom do individuals and groups report?
- How many individuals can a manager efficiently and effectively direct?
- Where does decision making authority lie?
- To what degree will there be rules and regulations to direct employees and managers?

## ELEMENT

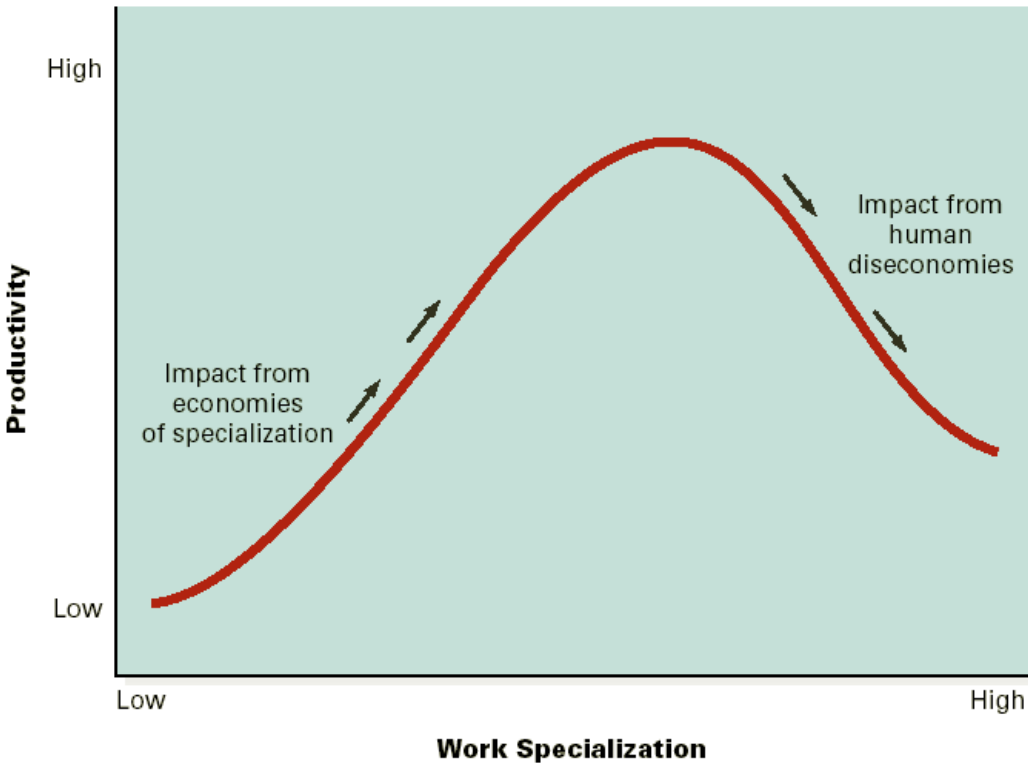
- Work specialization
- Departmentalization
- Chain of command
- Span of control
- Centralization and decentralization
- formalization



# WORK SPECIALIZATION



Job is broken down into number of steps, with each step being performed by a separate individual



- ECONOMIES FROM SPECIALIZATION**
  - Efficient use of resources
  - Employee skills increase by repetition of task
  - Training for specialization is more efficient from the organization's perspective

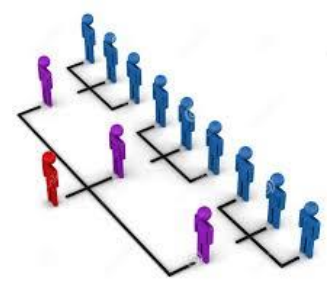
- DISECONOMIES FROM SPECIALISATION**
  - Boredom
  - Fatigue
  - Stress
  - Low productivity
  - Poor quality

# DEPARTMENTALIZATION



- Functional
- Product
- Customer
- Geographic
- Process

# CHAIN OF COMMAND



- It is an unbroken line of authority that extends from the top of the organization to the lowest echelon and clarifies who reports to whom

## Authority

- The rights inherent in the managerial position to give orders and to expect the orders to be obeyed

## Unity of command

- A subordinate should have only one superior to whom he or she is directly responsible

# SPAN OF CONTROL



- It determines the number of levels and managers an organization has.

## Narrow span

Manager can maintain close control and tight supervision

They are expensive because they add levels of management

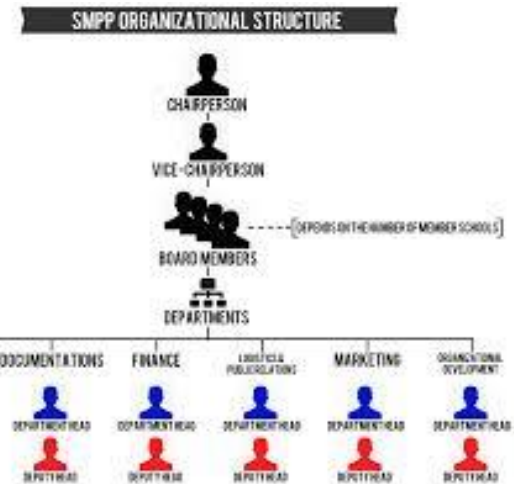
They make vertical communication in the organization more complex

## Wide span

Reduced cost, cut overhead, speed-up decision making, increase flexibility, get closer to customers & empower employees

Large investment in employee training

Manager loose close control





# CENTRALIZATION AND DECENTRALIZATION

- The degree to which decision making is concentrated at a single point in the organization
- Decentralization makes organizations more flexible and responsive

## FORMALIZATION

- The degree to which jobs within the organization are standardized

# Economics of Organizational Structure



- Guidance to all employees- maintain flow of work
- Trying to simplify complex structures
- Objective of any business is to maximize profit

## **Reduce cost**

- by optimal utilization of given resources
- Save time by eliminate unnecessary wastage of time and resources

**New ways** – innovation (dual effect- increase DD and decrease cost)

**Management of Aspirations** – No principle-agent problem (sense of belonging, cost of recruitment and training.)

# Types of Organizational Structures



- Functional organization Structure
- Divisional Organization Structure
- Matrix Organization structure
- Team based Organization Structure

# Functional structure



## ▪ Marketing

- Selling → marketing ( consumer sovereignty)
- Core – 4p (product, price, place, promotion)
- Role of pricing → three types of pricing:  
entry – competition- max profit

## Benefits

Better professional identity and career paths; Permits greater specialization; Easier supervision; Creates an economy of scale -- common pool of talent

## Finance :

- Earlier surplus money was hoarded
- Today → search of need → cost effective way of generating fund →
- Optimal use of fund (selling, HR, marketing, R&D,) ensure timely availability of inputs

## Limitations

More emphasis on subunit than organizational goals; Higher dysfunctional conflict; Poorer coordination - requires more controls

## Production → R&D

Personal relations/customer care



# Divisional / conglomerate Structure



Divisional Structure

Formal organization/follow hierarchy

Informal organization/communicate each other

Vertical chain of command

Horizontal chain of command

# Continue...



- Vertical chain

**Positive outcome** : Quick Decision because of responsibility, No overlapping/duplication of work

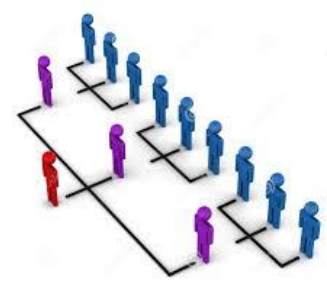
**Negative outcome**: Ignore social needs, delay in action, ignore human relations, creativity and talents

## **Horizontal Chain of command**

**Positive outcome**: fast communication, fulfills social needs, correct feedback, sense of identification with company

**Negative outcome**: spread rumors, no systematic working and more

# Continue.....



- The objective of DS is to reduce overburden, focus on core activity and create the feeling of sense of belonging

**Decentralization** : It is used for core activities which enables smooth functioning of economic activities → harmony, coordination, combination.

**Delegation** : Two way benefit approach → some people ask others to perform tasks on their behalf i.e., outsourcing

It is used for non-core activities .

It include combination of responsibility ( obligation to do something), Authority (right to do something) and Accountability (it is inseparability to superior).

**Advantage:** it helps the firm to specialize in their core area, growth of firms and also personal development of delegates, sense of responsibility

# Matrix Structure



- Need based Cross functional teams formed temporarily--project based organizations (new project)- Shift of employment from functional area to project.

Best for complex activities in uncertain environments e.g. NASA

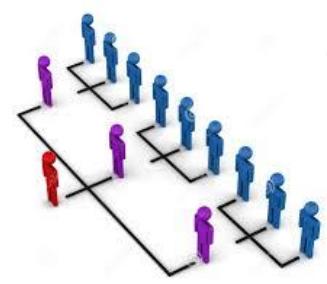
## **Benefits**

- Effective use of specialists, Job security for specialists, Friendly environment for specialists, Equipment and facilities: more and better, enables companies to establish economy of scale

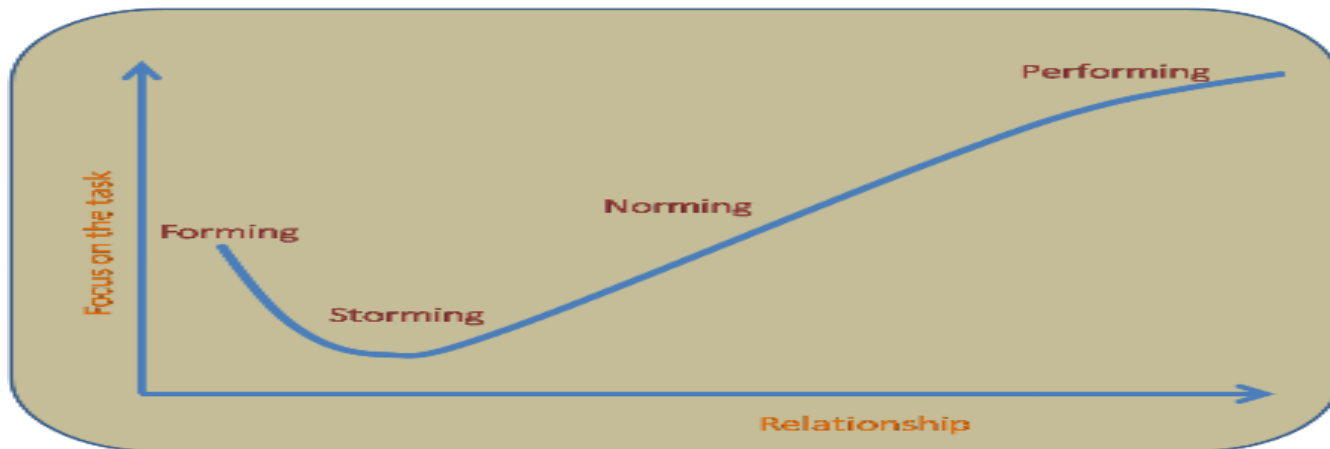
## **Disadvantages**

Stress, Specialists with several bosses, Project managers requiring several specialists or shared specialists, More conflict, organizational politics, and stress, create shortage of staff in functional department

# Team Based Structure

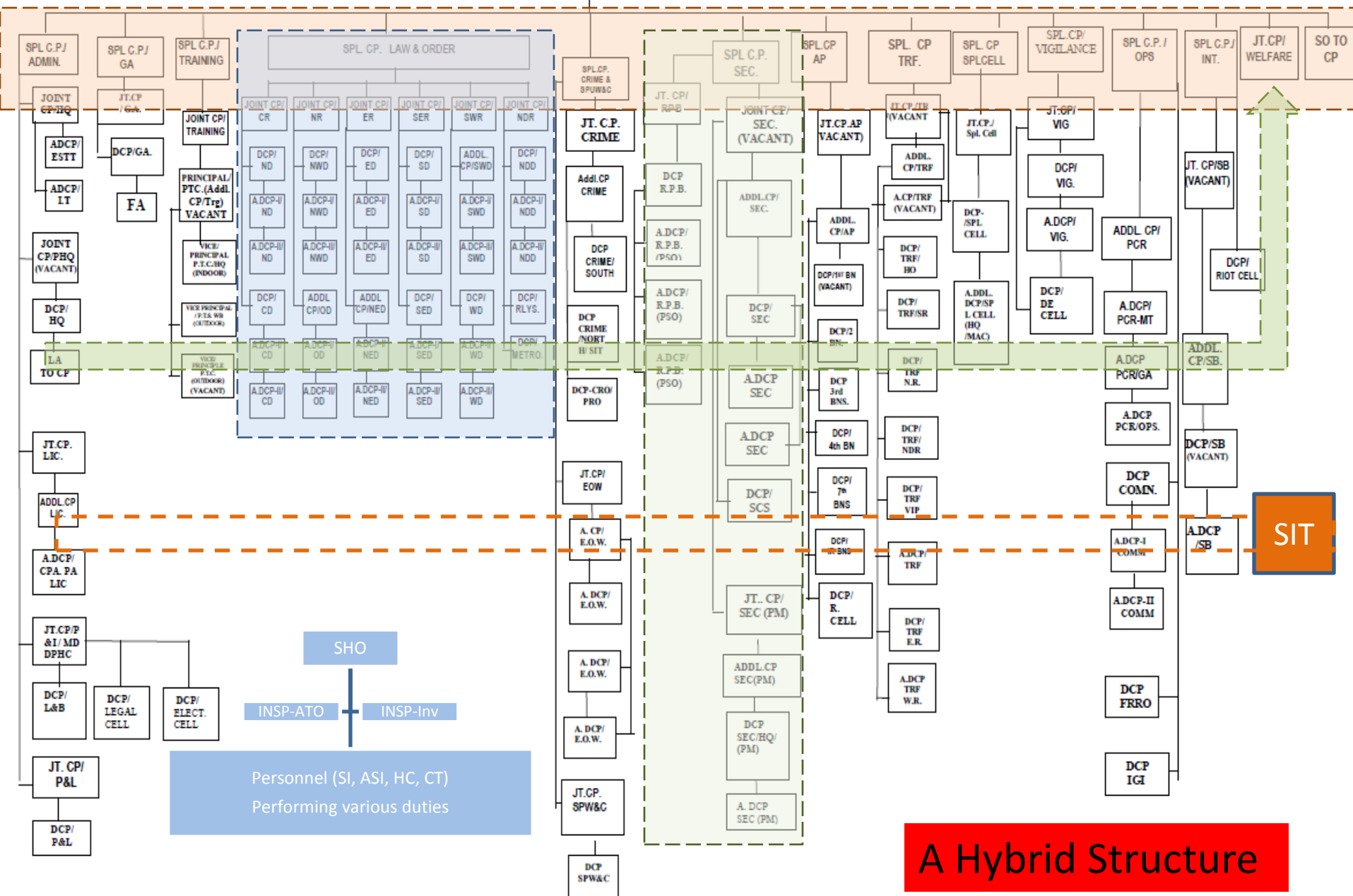


- Success in today's technology rich and financially volatile environment is best achieved through a less-hierarchical structure
- It enables increased participation by staff in decision-making and foster innovative solutions increased efficiency and creative approach to the challenges
- **Four phases of Tuckman's Team theory** : **Forming** ( finding place), **storming** (icebreaking) , **norming** (come together, developing process, rules and clarifying their duties) and **performing**(combine to provide synergy)



# ORGANISATIONAL CHART (OPERATIONAL) OF DELHI POLICE AS ON 15.10.2013

## COMMISSIONER OF POLICE



# Summary



- Need
  - Effectiveness into the system
  - Goal orientation
- Elements of Structure
  - Departmentalization
  - Work Specialization
  - Centralization and decentralization
  - Formalization
  - Span of Control
  - Chain of Command
- Types of Organization
  - Functional, Divisional, Matrix, Team Based, Hybrid



Thanks for your  
attention