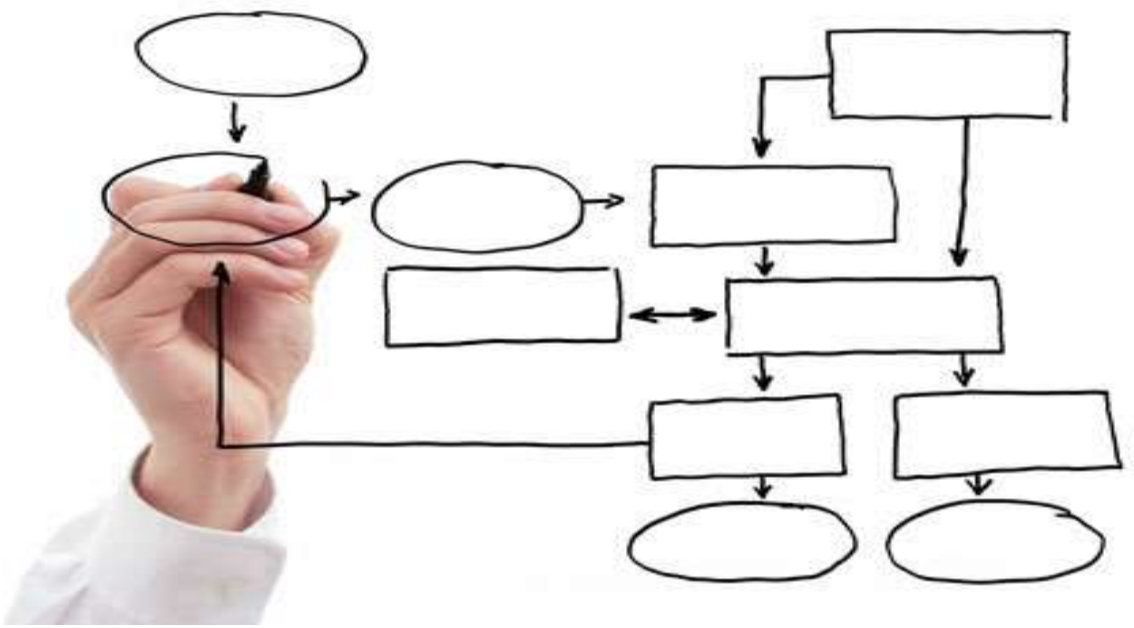




# Organizational Structure



# What is an Organization ?

A social unit of people, systematically structured and managed to meet a need or to pursue collective goals on a continuing basis.



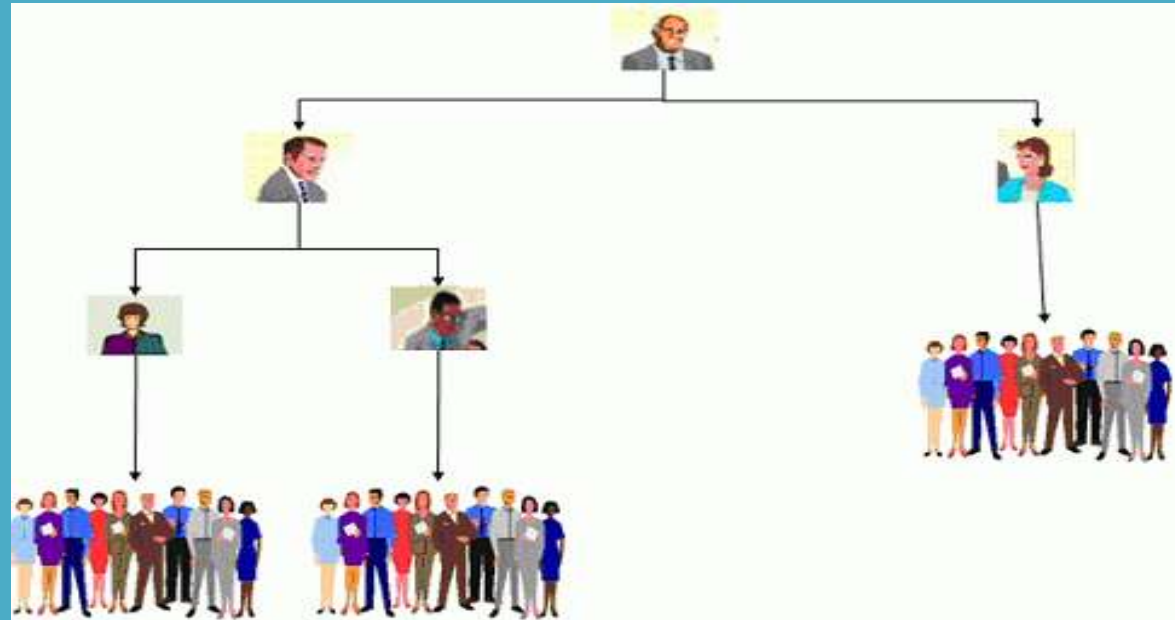
# Why do we need an Organizational Structure ?

All Organizations have a management structure that determines the relationships b/w functions and positions and subdivides and delegates roles, responsibilities and authority to carry out defined tasks.



# Organizational Structure

It is a framework within which an Organization arranges it's lines of authorities and communications and allocates rights and duties.



# Types of Organizational Structure

1. Tall Organizational Structure
2. Flat Organizational Structure
3. Virtual Organizational Structure
4. Boundary less Organizational Structure



# Tall Organizational Structure

- Large, complex organizations often require a taller hierarchy.
- In its simplest form, a tall structure results in one long chain of command similar to the military.
- As an organization grows, the number of management levels increases and the structure grows taller. In a tall structure, managers form many ranks and each has a small area of control.

**President**

**Mark Davis**  
Vice President  
Baltimore, MD  
(222) 444 5555  
mark.davis@somecompany.com

**Vice President Finance**

**Accounts**

**Treasury**

**Vice President HR**

**Operations & Recruitment**

**Staff Development**

**Vice President Marketing**

**Customer Service**

**Domestic Sales**

**International Sales**

**Vice President Procurement**

**Purchasing**

**Receiving & Inspection**

**Vice President Manufacturing**

**Fabrication**

**Assembly**

**Testing**

**Production Engineering**

**Vice President Engineering**

**Systems Engineering**

**Electronics Engineering**

**Software Engineering**

**Mechanical Engineering**

**Technical Engineering**

# Flat Organizational Structure

- Flat structures have fewer management levels, with each level controlling a broad area or group.
- Flat organizations focus on empowering employees rather than adhering to the chain of command.
- By encouraging autonomy and self-direction, flat structures attempt to tap into employees' creative talents and to solve problems by collaboration.



Board of Directors

Chief Executive Officer

Chief Operating Officer

Chief Nursing Officer

Chief Medical Officer

Chief Financial Officer

Chief Information Officer

VP / Directors of Service Lines

VP / Director Clinical Services

Dept. Heads (MD)

# Virtual Organizational Structure

- Virtual organization can be thought of as a way in which an organization uses information and communication technologies to replace or augment some aspect of the organization.
- People who are virtually organized primarily interact by electronic means.
- For example, many customer help desks link customers and consultants together via telephone or the Internet and problems may be solved without ever bringing people together face-to-face.

# Boundary less Organizational Structure

- A boundary less Organizational structure is a contemporary approach in Organizational design.
- It is an organization that is not defined by, or limited to the horizontal, vertical or external boundaries imposed by a pre-defined structure.
- It behaves more like an organism encouraging better integration among employees and closer partnership with stakeholders.
- It's highly flexible and responsive and draws on talent wherever it's found.

# Features of Organizational Structure

- Determines the manner and extent to which roles, power and responsibilities are delegated.
- Depends on objectives and strategies.
- Acts as a perspective through which individuals can see their organization and its environment.

# Importance of Organizational Structure

- Impacts effectiveness and efficiency.
- Reduces redundant actions.
- Promotes teamwork.
- Improves communication.
- Contributes to success or failure.

# Purpose of Organizing

- Divides work to be done in specific jobs & dept.
- Assigns tasks and responsibilities associated with individual jobs.
- Coordinates diverse organizational tasks.
- Establishes relationship b/w individuals, groups and departments.
- Establishes formal lines of authority.
- Allocates organizational resources.
- Clusters jobs into units.

# A Simple Organizational Structure



- *Chain of command:* The continuous line of authority that extends from upper level of organization to lowest level of organization and clarifies who reports to whom.
- *Authority:* The rights inherent in a managerial position to tell people what to do and expect them to do it.



- *Responsibility*: The obligation or expectation to perform. Responsibility brings with it accountability.
- *Unity of command*: The concept that a person should have one boss and should report only to him.
- *Delegation*: The assignment of authority to another person to carry out specific duties.

# Departmentalization

- When a company expands to
  - Supply goods or services
  - Produces variety of diff. products
  - Engage in several diff. marketsin such conditions the company can adopt Departmentalization.

# Forms of Departmentalization

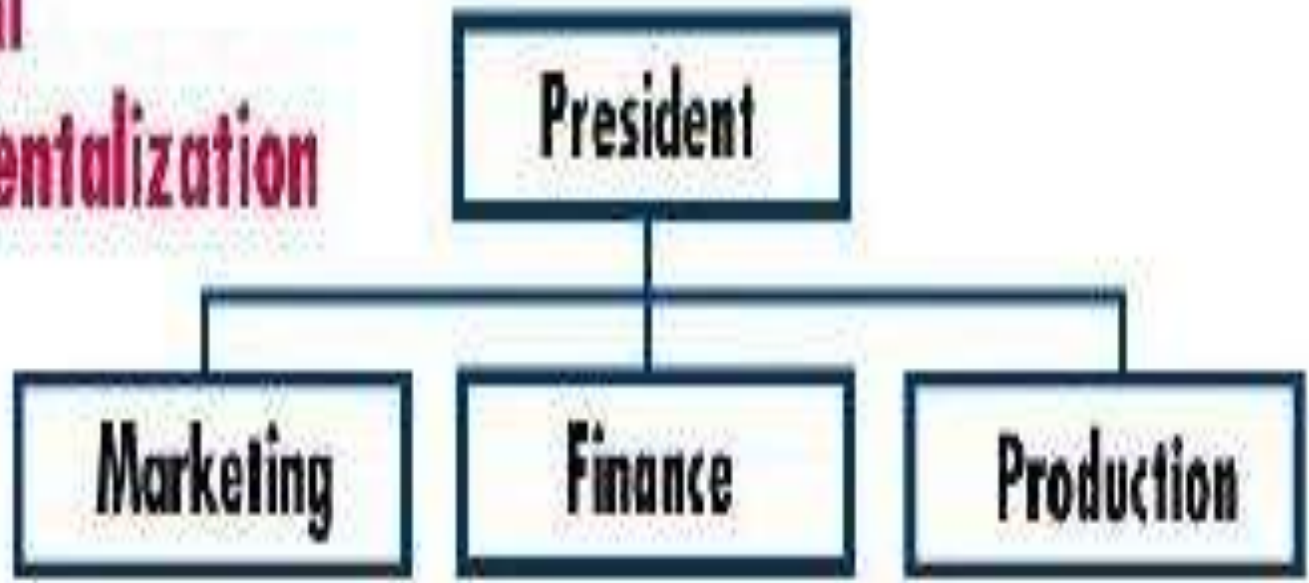
- Functional
- Product
- Customer
- Geographic
- Process



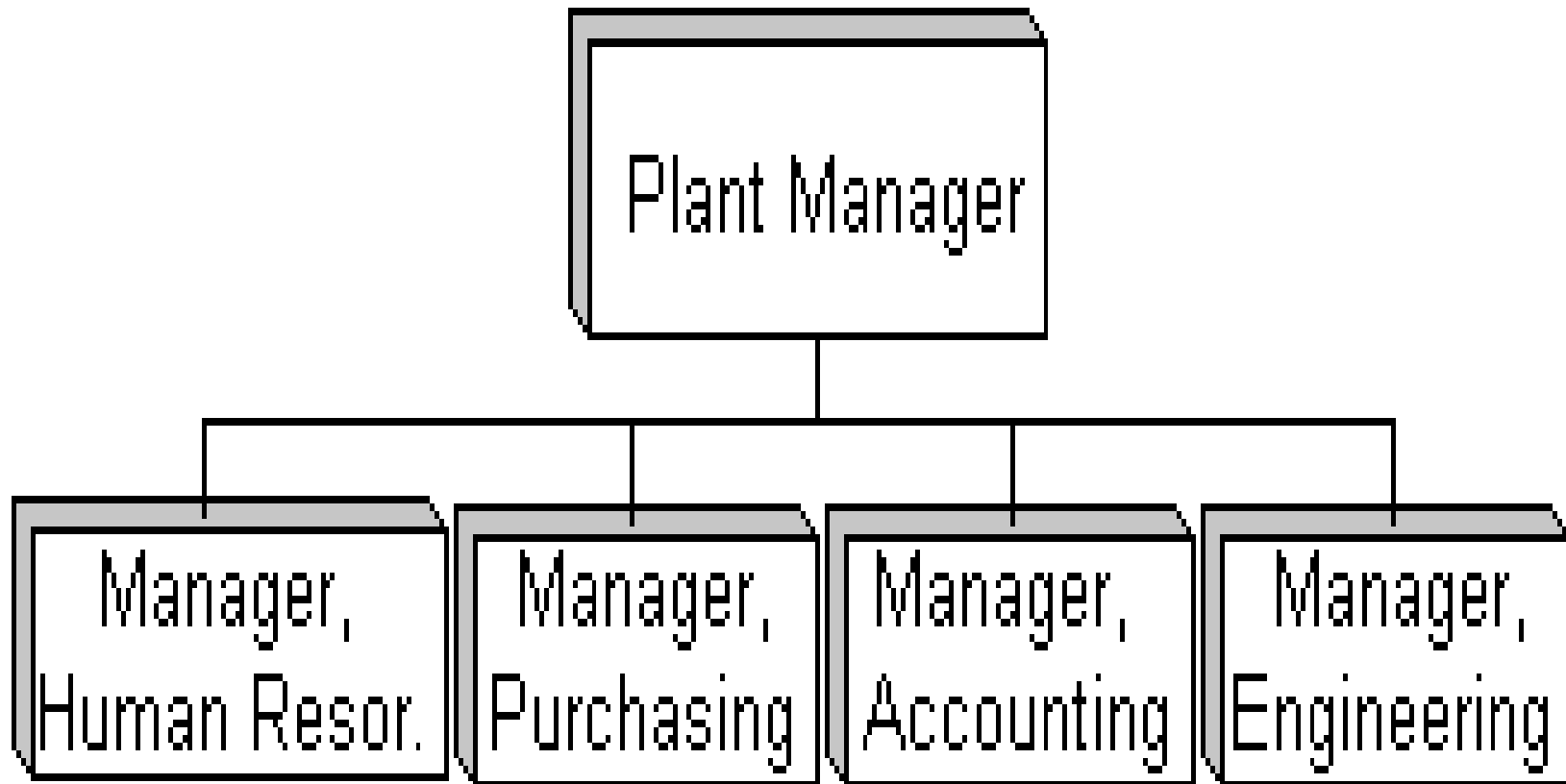
# Functional Departmentalization

- Arranging the business according to what each section or department does.

## Functional Departmentalization



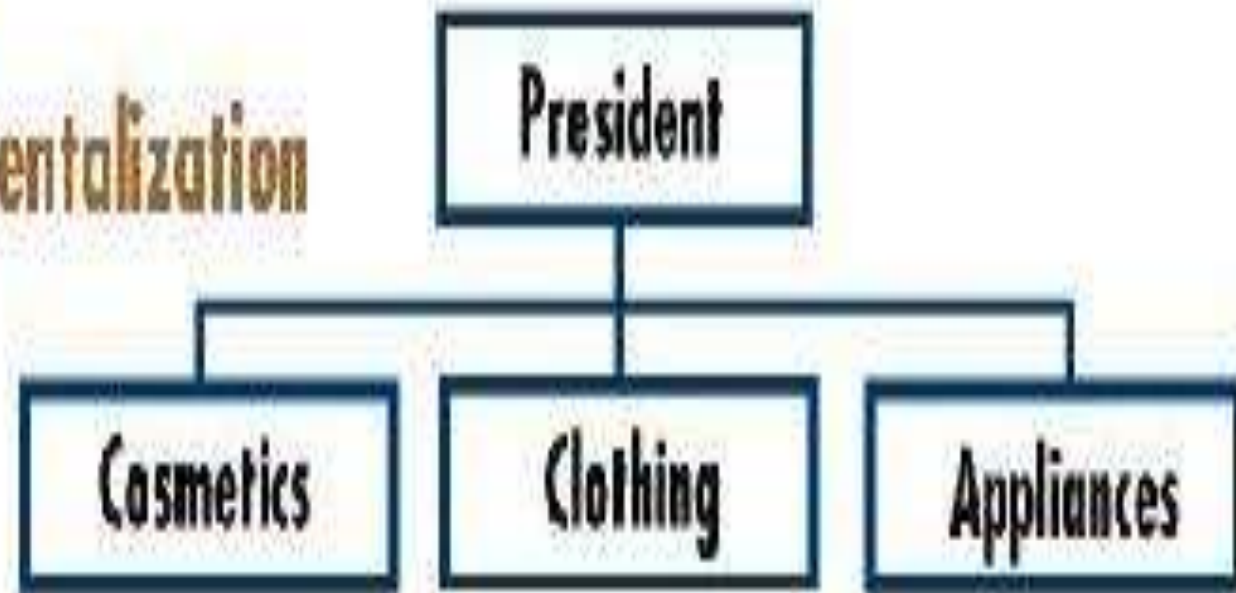
# Functional Departmentation



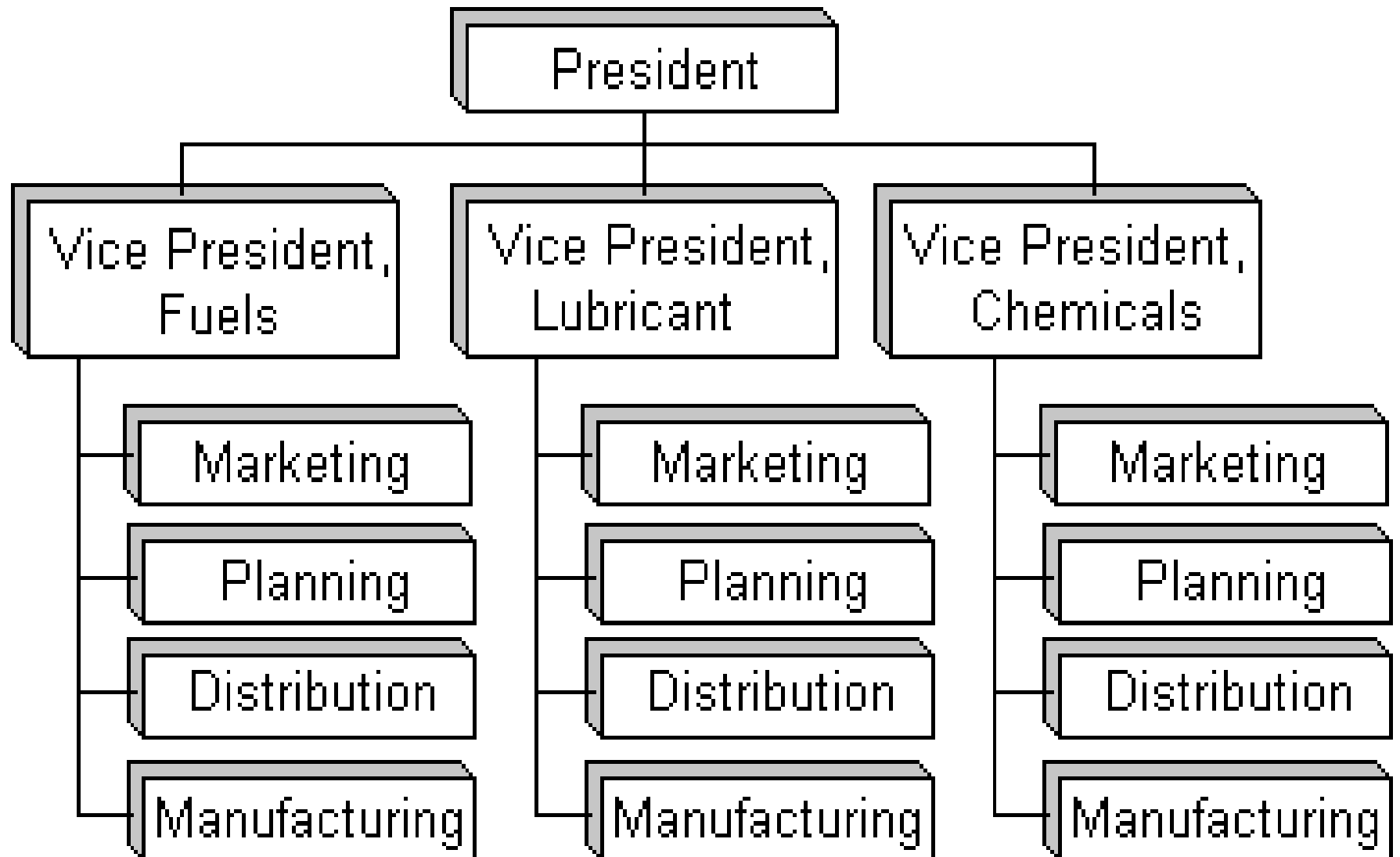
# Product Departmentalization

- Organizing according to the different types of products produced.

Product  
Departmentalization



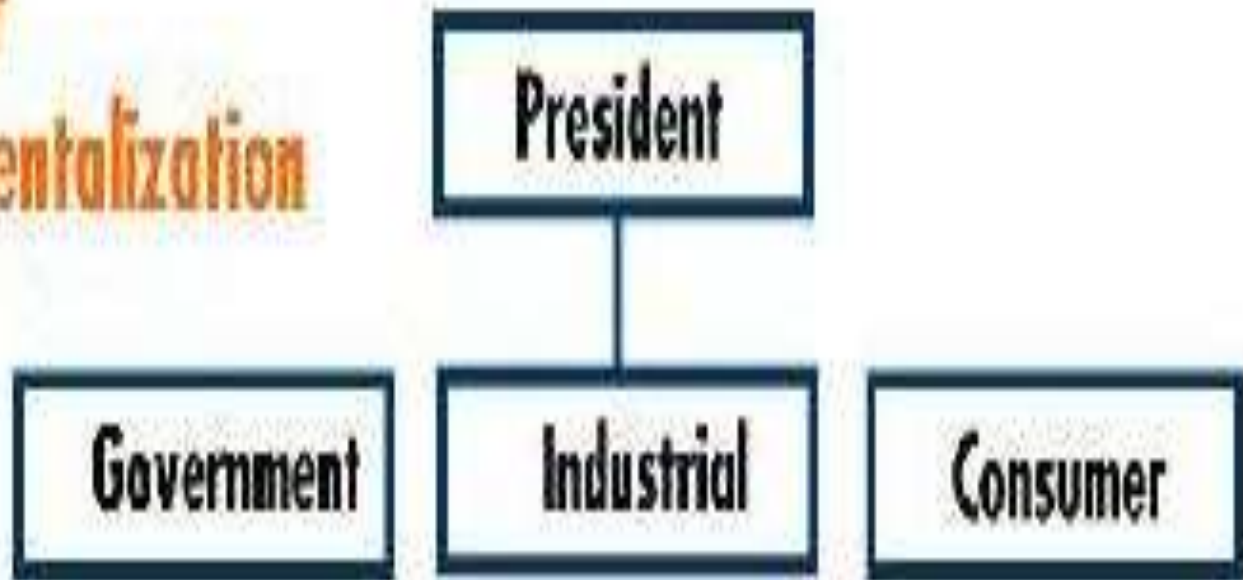
# Product Departmentation



# Customer Departmentalization

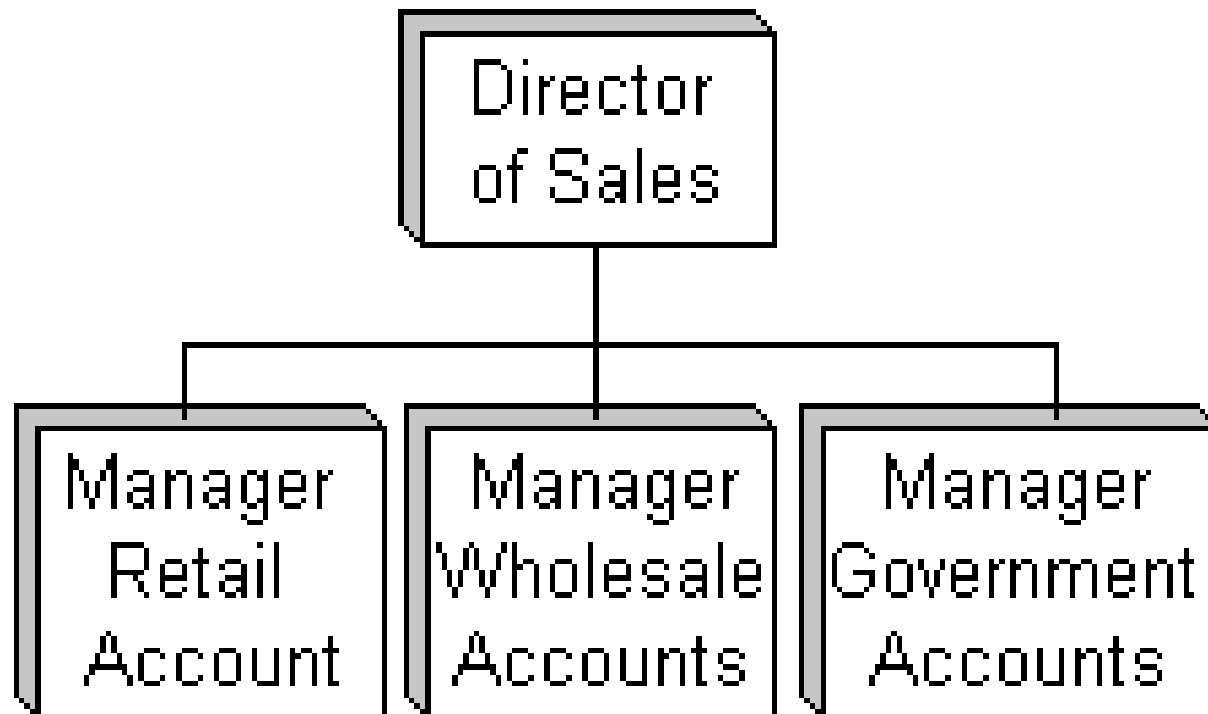
- Where different customer groups have different needs.

Customer  
Departmentalization





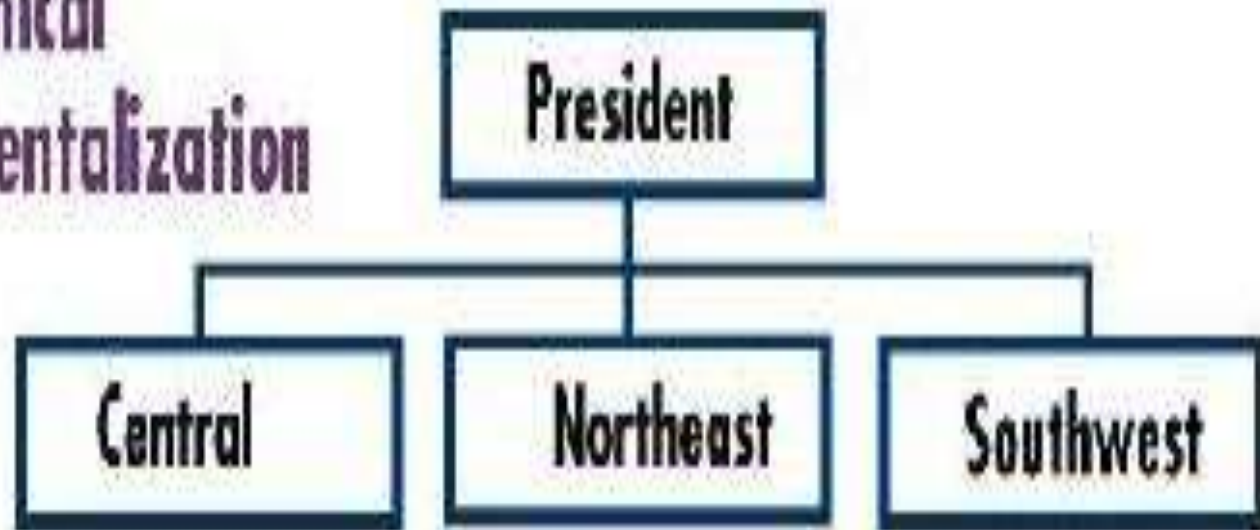
# Customer Departmentation



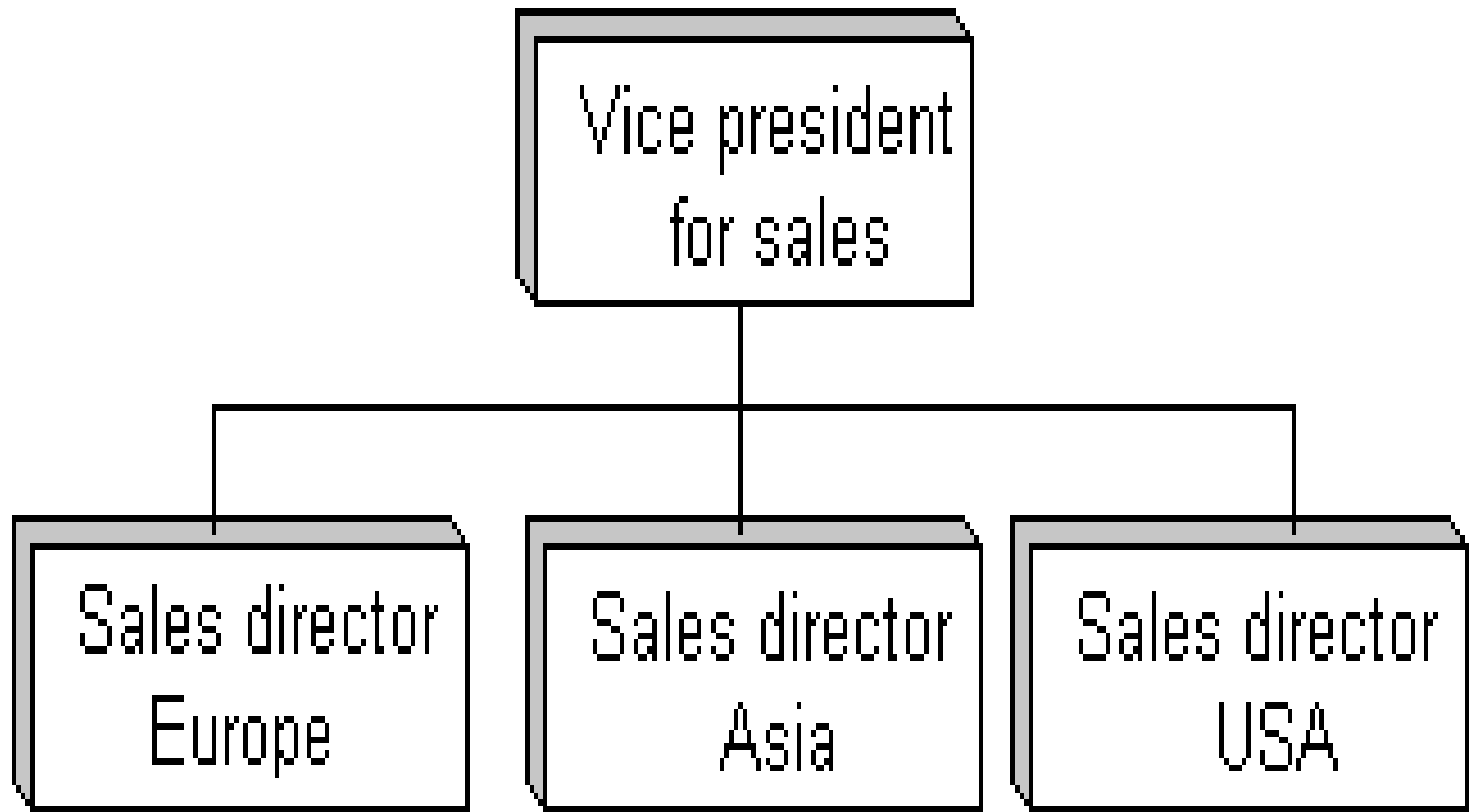
# Geographic Departmentalization

- It's based on geographical or regional structure.

**Geographical  
Departmentalization**



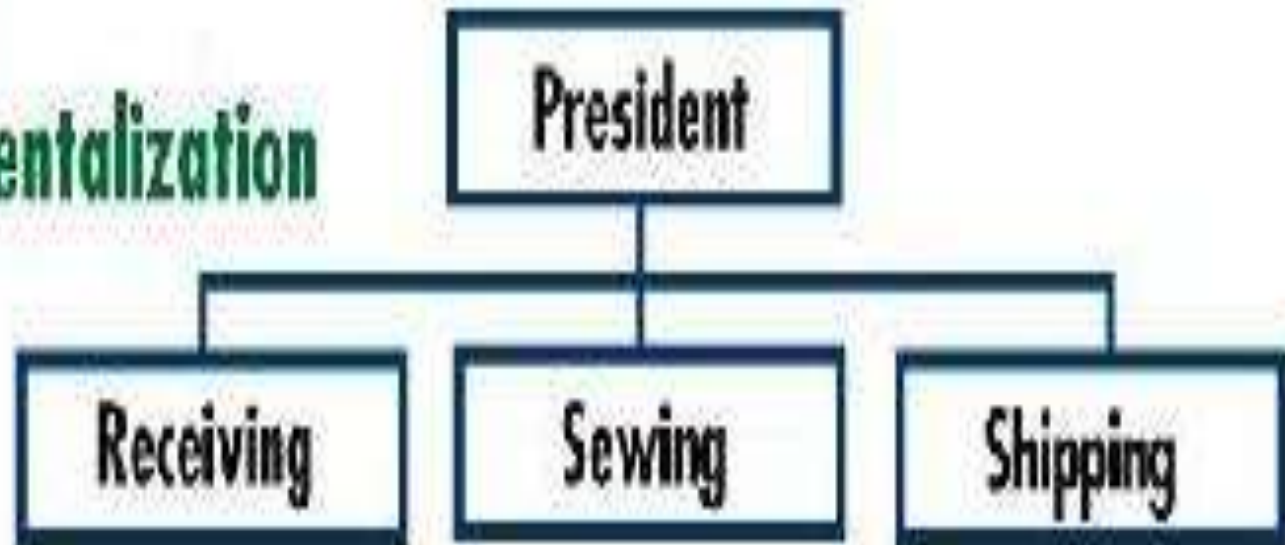
# Geografic Departamentation



# Process Departmentalization

- Where products have to go through stages as they are made.

## Process Departmentalization



**Plant  
Superintendent**

**Sawing  
Department  
Manager**

**Planing and  
Milling  
Department  
Manager**

**Assembling  
Department  
Manager**

**Lacquering  
and Sanding  
Department  
Manager**

**Finishing  
Department  
Manager**

**Inspection  
and  
Shipping  
Dept.  
Manager**

# Pros of Departmentalization

- Department can be staffed with specialized training.
- Shared management responsibility.
- Supervision is facilitated.
- Coordination within the department is easier.

# Cons of Departmentalization

- Inter department documentation of activities is not possible.
- Decision-making becomes slow.
- Delays when there are problems.
- Accountability and performance are difficult to monitor.

CONCLUSION