

# Advantages and disadvantages of large organizations business essay



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An organization is a person or group of people intentionally organized to accomplish an overall, common goal or set of goals. Business organizations can range in size from one person to tens of thousands. An organization is an entity where two or more people work together for a common purpose to achieve a common goal. We daily visit many organizations from large to small like hospitals, universities, government institutes, temples, mosque etc. Students go to university to achieve a certain goal that is to attain education.

Thus, in an organization there must be people ready to work for common defined purpose. There has to be a purpose for an organization to survive in longer run.

Organization comprises of various organs that is required to manage and organize everything around us. It has various organs – big and small.

To achieve any purpose a process is required as without any process one cannot achieve a goal. For achieving these goals, we need to use some processes which involve:-

Planning

Organizing

Leading

Controlling

There are two parts of organization:-

Human organization

Material organization

Business organization involves continuous and regular production and distribution of goods and services with a view to earn profit. After the industrial revolution, business organizations have expanded significantly.

Organization has a major influence over the factors of production that reduces its overall cost.

For a successful organization we need the following:-

## **Vision**

Members of the organization often have some image in their minds about how the organization should be working, how it should appear when things are going well.

## **Mission**

An organization operates according to an overall purpose, or mission.

## **Values**

All organizations operate according to overall values, or priorities in the nature of how they carry out their activities. These values are the personality, or culture, of the organization.

## **Strategic Goals**

Organizational members often work to achieve several overall accomplishments, or goals, as they work toward their mission.

## **Strategies**

Organizations usually follow several overall general approaches to reach their goals.

## **Different types of Organization:-**

Small Organization

Large Organizations

### **Small Organization**

A small organization is a business that is privately owned which could be with small number of employees which are privately owned co-operations, partnerships or sole proprietorships.

The word small varies by different countries. Some companies specify a small business from 50 to 500 employees with a small turnover. By comparison, a medium sized business or mid-sized business has fewer than 500 employees in the US, 250 in the European Union and fewer than 200 in Australia.

Small businesses are in many countries and are of various types including small stores, bakery, hairdressers, lawyers, accountants, motels, small scale manufacturing units etc.

Small businesses often face a few problems due to their size. Sometimes the cause of bankruptcy is due to undercapitalization. This is a result of poor planning.

Thus to ensure that businesses are running well with enough capital they owners must be able to reach the break even such that levels of sales making margins equals fixed costs.

Another problem for many small businesses is termed the ' Entrepreneurial Myth' or E-Myth. Thus, additional business management skills are required to keep the business going smoothly.

## **Structure of Small Businesses**

### **Fig 1. 1**

Fig 1. 1 explains the structure of small businesses.

## **Large Organizations**

An organization that has 250 or more employees with a huge turnover.

### **Fig1. 2**

Fig 1. 2 shows the organization structure of large organizations.

## **Advantages and Disadvantages of Small Organizations over Large organization**

Early Response: – As there are smaller chains in the structures of small organization, therefore, the small business is very quick to respond to problems and solve them due to a smaller chain of command. The top management is usually available at once hence they handle situations within a short period of time. On the contrary, larger businesses are slow to respond to problems and have a long complex chain of command.

Additionally, they have a number of policies to be adhered to and practices that must be followed at many steps along the way.

Flexibility in making decisions:-A small business has the flexibility to bend, manipulate and change the rules depending on the need of the hour, whereas a large company is stuck in a dilemma of policies and legalities. There are no exceptions to the rule for a large company whereas there may not be that many rules for a small business.

Personal Attention:-The small business is able to give time and attention to its customers and this is the foundation of a successful business. Customer service has the ability to make decisions and change the rules depending on who they are serving, which is simply not possible in a large company that has to standardize its approach.

Easy communication: - it is easier to communicate as there is a single point of contact within small organizations thus making it easier to service the client. There is often a single point of contact offered by a small business to its customers and this person is able to service the client better for it. The person is more likely to know the customer's history with the company, better able to make a judgment call and well versed with each section within the small business. This is mainly due to the flatter organization structure of the small business.

## **Critical Analysis of Small v/s Large Organizations**

### **Advantages of Working for a Small Company**

Easier to communicate;

Work closely around with other employees;

Flexibility at work flexibility for working hours;

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You can change your job role and take on more/less responsibility with the possibility of being sent on a course to broaden your job specification.

You may have influence to ask for a pay rise as there may be no specific pay structure.

Easier promotion and apply for other jobs according to the potential.

## **Disadvantages of Working for a Small Company**

Misguiding instructions;

There may not be specific policies in place, i. e., the maternity pay may not be in line with large companies;

No security of jobs that is could make your position redundant at any time;

The company could make your position redundant and then employ someone else to do your old job with a new title.

Extra workloads;

Poor time management

There may be a lack of training or an induction process.

If you decide to move from a small company into the corporate world, you may be up against people with corporate experience.

Grievance: it will be difficult to express your clash feelings towards your boss.

## **Advantages of Working for a Large Company**

A systematic and structured plan with an extremely successful training and induction plan.

There may be avenues to take, in the need of grievance.

Detailed job description explains what exactly the employee is supposed to do, making it easier to concentrate on his work.

There will be other staff to cover you on holiday and sickness.

They may have a better social calendar, with an established social events team.

You could be entitled to company benefits, discounts and staff incentives plus a share scheme.

If there is more than one branch/office, you could have the possibility of transferring to another town.

It may be easier to progress within the company as there are more avenues for promotion.

You can be part of a larger team within a tiered structure and have more support and mentors.

## **Disadvantages of Working for a Large Company**

The company may be too big, so you could remain anonymous or become alienated.



There may be company politics within your team.

There may be too many processes and channels to go through before any situation gets resolved.

You could miss out on certain holiday days over busy periods (Christmas etc) due to a first come, first served basis.

Your job role may become repetitive.

You may have to have a ' back-to-work interview' each time you have a day off sick.

Thus, after comparing the advantages and disadvantages of small and large organizations around, I would prefer to work in a small organization as I it would increase my potential. There is a better sense of communication, amiability, warmth, less tense to work in, easier environment with extreme flexibility and adaptability.

There, is greater chance of job rotation and sense of promotion making employees more confident and acknowledging the work of employees individually making it a better an effective environment to work in.

Decision making is easier process and giving employees and the company a competitive advantage over the others.

Thus, working in a smaller organization would give sense of appreciation as well which makes an employee confident, stronger and more positive.