

Importance of organization structure business essay



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It is a set of planned relationship between groups of related functions and between physical factors and personnel required for the performance of the functions. The organizational structure generally shown on organization Chart. It shows authority and responsibility relationship between the various positions in the enterprise by showing who reports to whom. Organization structure lays the pattern of communication and coordination in the enterprise.

IMPORTANCE OF ORGANIZATION STRUCTURE

Facilitates administration: sound organization helps in the performance of management function like planning, staffing, directing, controlling.

Inadequate organization may result in duplication of work and efforts and some of the important operation may be left out. Sound organization facilitates the performance of various managerial functions by division of labor, consistent delegation and clarity of authority and responsibility relationship.

Promotes growth and diversification: sound organization designed on scientific principles can create conditions conducive to planned expansion and diversification of the activities of the enterprise. It can help in keeping the various activities under control and increase the capacity of the enterprise to undertake more activities.

Coordination: organization is an important means of bringing coordination among the various departments of the enterprise. It causes clear cut relationship between the various departments and helps in laying down balanced emphasis on various activities.

Optimum use of technological innovations: a sound organization structure is flexible to give adequate scope for the improvement in technology. It facilitates introducing changes in the enterprise by modifying the authority and responsibility relationship in the wake of new development.

Optimum use of human resources: it matches the jobs with the individuals and vice-versa. It ensures that individual is placed on the job for which he is best suited. This helps in better use of individual working in the enterprise.

Stimulates creativity thinking: an organization structure based on clear cut demarcation of authority, higher range of responsibility, discretionary freedom granted to personnel, will certainly foster the spirit of constructive and creative thinking.

Training and development: an effective organization facilitates delegation of authority which is an important device for training and development of personnel. Delegation of authority is also an important means of directing the subordinates. It prepares them to take more responsibilities whenever need arise.

Good organization structure does not by itself produce good performance, but a poor organization structure makes good performance impossible. No matters how good the individual managers may be. When designing the organizational structure the management must consider external environment, objectives, and strategies of the enterprise, types of human resources and the nature of technology.

PRINCIPLES OF ORGANISATION

Principle of objective: an organization and every part of organization should be directed towards the accomplishment of basic objectives. Every member of the organization should be well familiar with the goals and objectives. Every organization must be an expression of the purpose of undertaking concerned. An organization structure must be measured against the criterion of effectiveness in meeting these objectives.

Principle of division of work: the total task should be divided in such a manner that the work of individual in the organization is limited as far as possible to the performance of a single leading function. The activities of the enterprise should be so divided and grouped as to achieve specialization. The allocation of task should on the basis of qualification and aptitude and should not make work mechanical and boring.

Principle of unity of command: each person should receive orders from only one superior and be accountable to him. This is necessary to avoid the problems of conflict in instructions, frustration, uncertainty and divided loyalty and to ensure the feeling of personal responsibility for results. This principle promotes coordination but may operate against the principle of specialization.

Principal of span of control: no executive should be required to supervise more subordinates than he can effectively manage on account of the limitation of time and ability. There is the limit of the number of subordinates that an executive can effectively supervise. The exact number of subordinate will vary from person to person depending upon the nature of job.

Principal of scalar chain: authority and responsibility be in the clear unbroken line from the highest executive to the lower executive. As far as possible the chain of command should be short. The more clear the line of authority from the ultimate authority in an enterprise to ever subordinate position the more effective will be decision making and organization communication.

Principle of delegation: authority delegated to a individual manager should be adequate to enable him to accomplish result expected of him. Authority should be delegated to the lowest level consistent with necessary control so that coordination and decision making can take place as close as the point of action.

Principle of absoluteness of responsibility: the responsibility of the subordinate to his superior is absolute. No executive can escape responsibility for the delegation of authority to his subordinates.

Principle of coordination: There should be an orderly arrangement of group efforts and utility of action in the pursuit of a common purpose. This would help in securing unity of effort.

Principle of Flexibility: The organization must permit growth and expansion without dislocation of operations. Devices, techniques and environmental factors should be built into the structure of permit quick and easy adaptation of the enterprise to changes in its environment. Good organization is not a straight jacket.

Principle of efficiency: An organization is efficient if it is able to accomplish predetermined objectives at minimum possible cost. An organization should

provide maximum possible satisfaction to its member and should contribute to the welfare of community. The principle of efficiency should be applied judiciously.

Principle of Continuity: The organization should be so structured as to have to continuity of operations. Arrangements must be made to enable people to gain experience in positions of increasing diversity and responsibility.

Principle of Balance: The various parts of the organization should be kept in balance and non of the function should be given undue emphasis at the cost of others. In order to create structural balance it is essential to maintain a balance between centralization and decentralization, between line and staff etc. Vertical and horizontal dimensions must be kept in reasonable balance by ensuring that the structure is neither too tall none to flat.

Principle of Exception: every manager should take all decision within the scope of his authority and only matters beyond the scope of his authority should be refer to higher level of management. In other words routine decision should be taken at lower levels and top management should concentrate on matters of exceptional importance.

Determinants of organization structure

Organization structure provides a basis for a framework within which managers and non managerial employees perform the jobs assigned to them. The structure of organization is consciously designed by the management, however in designing the structure following factors are to be considered:

Objectives and strategy: Design of structure begin with the identification of organizational objectives. There is no way of devising what the main structure of an organization should be, without an understanding of what the organization is for and what it is trying to achieve. If the management makes a significant change in its strategy the structure will be need to modify to accommodate and support such change. It may be true that strategy follows structure particularly where the manager has no choice but to cope with the existing structure.

Environment: Organization is a system and every system has it boundaries. Environment includes all those economic, social, cultural, political, legal factors which directly or indirectly affect the functioning of organization. Therefore, the structure of the organization is to be designed in view of changes likely to take place in environment. So the structure of organization is bound to be effected by the management. If the organization operates in fast changing uncertain environments its structure should be more adaptive, dynamic and flexible. On the other hand, if the environmental changes have slow pace and are less complex in nature, the structure of the organization will be marked by higher degree of stability. It may be noted that rapid, diverse and more complex changes in environment have rendered traditional structures ineffective.

Technology: An organization is so socio-technical system. Technological aspect which refers to the manner in which various activities will be performed, is an important part of organizational structure. As the activities are related to objectives, they are also related to technology. Because every activity to be performed requires some kind of technology, the type of <https://assignbuster.com/importance-of-organization-structure-business-essay/>

technology being used in the organization being performed in the organization for different activities would also affect the structure of organization directly or indirectly.

People: Organization are formed by and operated through people. Large number of people employed for both managerial and non-managerial jobs and various activities are assigned to them and finally they are put in authority relationship. Organization operated through the people and its efficiency to a large extent depends on the level of the efficiency of its employees. And the efficiency of the employees is affected by such a supportive supervision and participative decision making, problem solving, democratic leadership, etc.

Size: There are several criteria to determine size of an organization such as number of person employed, amount of capital employed, volume of turnover, etc. As an organization grows in size its structure naturally becomes more complex or complicated. Jobs that could once be handled by a single person are split and split again, new layers of supervision are inserted between the top executives and the rank and file. An organization is forced, if its size increases, to realign duties and responsibilities and more often than not, to add new integrating units.

Forms of organization structure

Functional structure- in a functional structure, activities are grouped and departments are created on the basis of specified functions to be performed. Activities related to a function are grouped in a single unit with a view to give a well defined direction to the whole group.

Advantages

It is easier to organic department based on functions and sub functions.

It introduces specialization leading to higher productivity and economical operations.

It facilitates better coordination of activities within each department.

Disadvantages

Functional specialization restricts development of generalists or managers with allround capabilities.

Excessive specialization may destroy teamwork in the organization.

Each department concentrates on a narrow range of activities relating to its function only.

Product based structure- product based structure is followed by giant organization having multiple product line. Under this each major products is organized as a separate division. It is employed where the unique characteristics of the product are of great significance and they requires specialized machines and equipments and trained personnel. It is appropriate when each product is relatively complex and a great deal of capital is required for each product. For example century mills has separate divisions of textiles.

Advantages

It focuses individual attention on each product line.

It is easier to evaluate and compare the performance of various product divisions.

Disadvantages

It may sometimes lead to difficulties in coordination of certain specialized activity.

It may be difficult for an enterprise to adapt itself to changes in technology, demand, etc.

Divisional structure - it is formed by creating a set of autonomous units or divisions which are coordinated by the central headquarters. The structure is popular with giant firms dealing in multiple products and operating in different geographical region. The products are often unrelated and require different emphasis on different functions. And the territories served by the firm have their unique problems.

Customer based structure- customer are the guide for grouping the activities. The management group of activities on this basis to cater to the requirement of clearly defined customer groups. Many group of educational institutions usually follow this type of departmentation. They offer day courses, evening courses and correspondence courses to meet the requirements of different type of students.

Advantages

it employ's personnel with special abilities for meeting different customer requirements.

Customer departmentation can focus on the special needs of different kinds of customers.

Disadvantages

It creates difficulty in coordination

Greater emphasis to the customer need may lead to less than optimum use of space, equipment and specialized personnel.

Organizational Structure of AIR

All India Radio is headed by a Director General (DG), who is an ex-officio member of Prasar Bharati Board having wide cultural background, administrative ability, sound judgment of men and matters. A deep commitment to broadcasting.

Sometimes Indian Administrative Service Officers are given the task of D. G. but it's not considered as a healthy trend. Still many I. A. S. have performed the task of D. G. of AIR

Engineering activities in AIR are supervised by Engineer-in-Chief (E-in-C), assisted by Chief Engineers (CEs).

There are Additional /Deputy Directors General (ADG / DDGs) to look after Programme, Administration, Finance & Security matters.

In addition to the AIR stations spread in the entire country, the following are other important AIR units engaged in various activities

Various Departments of AIR

PROGRAMME WING

Whole India is divided into 7 parts. The Deputy Directors General (DDGs) in the headquarters and in the regions look after all matters relating to programming and content creation. These officers belong to the Programmed cadre of All India Radio.

The offices of the regional DDGs are located at Delhi and Chandigarh (Northern Region), Mumbai and Ahmadabad (Western Region), Lucknow and Bhopal (Central Region), Kolkata (Eastern Region), Guwahati (North Eastern Region), Chennai (Southern Region ±I) & Bangalore (Southern Region-II).

News Services Division (NSD)-Production of 509

News Bulletins in Home & External Services of AIR. It is headed by a DDG (News). Home Delhi and All India.

External Service Division (ESD)-Broadcasting to foreign targets except two Americas. Its broadcasts are in 27 languages (16 foreign & 11 Indian) with a duration of about 72 hours.

Planning & Development (P&D) Unit located at Akashvani Bhawan, Delhi - Development of Plans / Schemes of AIR.

5 Zonal Engineering offices in the country - Execution of new projects and supervision of maintenance of AIR & Doordarshan stations.

Civil Construction Wing (CCW)-civil & electrical works of AIR & Doordarshan.

Research Department located at Delhi -Research & Development of equipment for AIR & Doordarshan, studies on sound & TV broadcasting, etc.

Staff Training Institute (STI), Programme & Technical-Imparting training to Programme, Engineering & Administrative staff of AIR & Doordarshan on related fields. STI(T) also conducts Departmental Examinations. Main institutes are located at Delhi. Regional STI(T)s are at Bhubaneswar, Shillong & Malad (Mumbai).

Regional Programme offices in various regions of the country.

Transcription & Programme Exchange Service (TPES)-Exchange of programmes among stations & maintaining sound archives.

Audience Research Wing-Carry out audience research on AIR programmes. They actually go in to field and check people's response that people are liking AIR's programmes or not. There any change required in the programme?

Central Stores located at Delhi -Procurement, stocking & distribution of Engineering stores to AIR stations.

AIR Resources-Established as one of AIR's commercial arms to provide consultancy & turn-key solutions in the field of broadcasting. It generates considerable revenues for the organisation.

Marketing Divisions-Set up under Prasar Bharati few places cater to the advertising needs of both AIR & Doordarshan. These are as follows -Kolkata,

Guwahati, Mumbai, Tiruvananthapuram, Bangalore., Hyderabad , New Delhi,
Chennai.

<http://www.egyankosh.ac.in/bitstream/123456789/32619/1/Unit15.pdf>