

# VIDYA BHAWAN BALIKA VIDYA PITH

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## ORGANISING

### Types of Organisation Structures

The type of structure adopted by an organisation will vary with the nature and types of activities performed by an organisation. The organisational structure can be classified under two categories which are as follows:

**(i) Functional structure and**

**(ii) Divisional structure**

**(i) Functional structure**

Functional structure Grouping of jobs of similar nature under functional and organising these major functions as separate departments creates a functional



structure. All departments report to a coordinating head. For example, in a manufacturing concern division of work into key functions will include production, purchase, marketing, accounts and personnel. These departments may be further divided into sections. Thus, a functional structure is an organisational design that groups similar or related jobs together. Advantages: The functional structure has many advantages to offer. Important among them are as follows:

**(a) A functional structure leads to occupational specialisation since emphasis is placed on specific functions. This promotes efficiency in utilisation of manpower as employees perform similar tasks within a department and are able to improve performance.**

**(b) It promotes control and coordination within a department because of similarity in the tasks being performed.**

**(c) It helps in increasing managerial and operational efficiency and this results in increased profit.**

**(d) It leads to minimal duplication of effort which results in economies of scale and this lowers cost.**

**(e) It makes training of employees easier as the focus is only on a limited range of skills.**

**(f) It ensures that different functions get due attention.**

**Disadvantages:** The functional structure has certain disadvantages which an organisation must take into consideration before it adopts it. Some of them are as follows:

**(a) A functional structure places less emphasis on overall enterprise objectives than the objectives pursued by a functional head. Such practices may lead to functional empires wherein the importance of a particular function may be overemphasised. Pursuing departmental interests at the cost of organisational interests can also hinder the interaction between two or more departments.**

**(b) It may lead to problems in coordination as information has to be exchanged across functionally differentiated departments.**

**(c) A conflict of interests may arise when the interests of two or more departments are not compatible. For example, the sales department insisting on a customer friendly design which may cause production difficulties. Such dissension can prove to be harmful in terms of fulfillment of organisational interest. Inter-departmental conflicts can also arise in the absence of clear separation of responsibility.**

**(d) It may lead to inflexibility as people with same skills and knowledge base may develop a narrow perspective and thus, have difficulty in appreciating any other point of view. Functional heads do not get training for top management positions because they are unable to gather experience in diverse areas**  
**Suitability:** It is most suitable when the size of the organisation is large, has a diversified activities and operations require a high degree of specialisation.