Types Of Organizational Structure: Advantages And Disadvantages

Executive Summary:

In this project we are going to talk about the definition of Organizational Structures, its Importance, we will go deeper to present each type, state why, how and when they are used, their advantages and disadvantages, Features, Purpose, Factors for Designing them, the added value for using the organizational structures and at the end we will state our conclusion and recommendations.

Definition of Organizational Structures:

Definitive structure chooses how the occupations, drive and obligations are consigned, controlled, and encouraged, and how information streams between the different degrees of the board. A structure depends upon the association's objectives and strategy. In an joined structure, the best layer of the board has the more noteworthy portion of the energetic drive and has tight control over workplaces and divisions. In a decentralized structure, the energetic drive is appropriated and the workplaces and divisions may have different degrees of independence. An organization, for case, Delegate and Bet that offers different things may organize their structure with the objective that social occasions are isolated by each thing and depending upon arrive region as well.

Importance of Organizational Structure:

The following are the importance of organizational structure:

1. Away from of control, obligation relationship workplaces way better comprehension of the targets and the procedures of the undertaking.
2. Various leveled structure sets down the two channels and the cases of correspondence. It empowers suitable organization.
3. It helps with arranging works out of the portion parts so as to empower the affirmation of the goals of the affiliation.
4. It makes a difference in advancement and broadening of the works out of an affiliation.
5. Laborers back in affiliation increase their support and move forward their will to work. It enlivens graduation and inventive thinking.
6. Utilization of approaches and the achievement of the targets gotten to be less complex. 7. It thwarts duplication of capacities and makes it conceivable to achieve most extraordinary creation with the slightest endeavors. In this way to achieve these preferences, an definitive structure need to be arranged well with care.

Types of Organizational Structures:

According to a study done by (n, 2018) there are 4 types:

- Functional Structure
- Divisional Structure
- Matrix Structure
- Flatarchy Structure

Functional Structure:

It is based on dividing the company into smaller groups with niche tasks or role, it's similar to bureaucratic. In this type, each department has a boss or supervisor, with top down management hierarchy who supervise lower levels. A perfect example of this strategy is the military organization.

Advantages:

- Employees who work in such a structure are well organized and grouped according to tasks and functions
- Employees focus on specific work or mission

Disadvantages:

- This structure lacks teamwork, communication and discussion
- This structure also lacks creativity and it limits the employees' ability to develop and improve

Divisional Structure:

This structure is used in large companies that work across several horizontal objectives. It's applied in GE (General Electric Company) that contains aviation, transportation, currents digital and renewable energy departments. It can also be created geographically if the company has different geographic locations

Advantages:

- It allows employees autonomy
- Each department operates as an independent company that work on its own aspects & divisions and specify budgets to control its own resources
- It offers flexibility by allowing each employee to operate as if its own company, reporting to CEO, one or two upper supervisors

Disadvantages:

- Employees working in different departments, but the same function are unable to communicate well
- Divisional structure may have tax implications by raising issues with accounting practices

Matrix Structure:

It's a hybrid organizational, a blending of the functions and projects. In this structure employees are supervised by two or more managers who they report to depending on the situation or project. For instance, a financing employee may report to financial manager, but at the same time a project may arise studying a budget, then this employee should report to the project manager as well. Such structure is challenging, where it involves the knowledge of roles, responsibilities, work priorities and reporting to multiple bosses.

Advantages:

- Sharing knowledge between the employees across different functional divisions
- Attaining strong communicational skills & understanding roles
- Broadening employees' skills & knowledge, thus increasing professional company growth

Disadvantages:

- Creating confusion and conflict between supervisors and bosses about the issue to be reported
- Creating confusion regarding employees' job roles if not clearly defined

Flatarchy Structure:

This structure is a hybrid type used in startups and small companies. Flatarchy structure is a result of mixing functional and flat structures. It requires decision making through the levels of organization and flattens out the vertical appearance of a hierarchy. Flatarchy structure is best used when the company has an innovative program or internal incubator, where it's able to operate in an existing structure, however through this structure and at any of its levels, employees are preached to suggest ideas and run with them potentially to invent a new flat form. A good example of this strategy is Google and LinkedIn, who already have an internal incubator, thus their employees are peached to be creative and innovative to promote the growth of the company.

Advantages:

- It allows innovative company-wide
- It eliminate red tape that might stall innovation in functional structure

Disadvantages:

- This structure could be confusing and inconvenient if all employees involved don't agree on the way of organizing the structure
- Makes it more difficult to coordinate the activities and functions of a larger number of subordinates
- This structure have been criticized on the ground that they put a lot of pressure on subordinates by imposing on them too much of responsibility

The work culture gives an identity to the organization. In other words, an organization is known

by its culture. The organization culture brings all the employees on a common platform. ... It is essential for the employees to adjust well in the organization culture for them to deliver their level best

Features of Organizational Structure:

- Determines the administrator and degree to which jobs, force and duties are designated.
- Depends on destinations and methodologies
- Acts as a point of view through which individual can see their association and it's condition.

Purpose of Organizational Structure:

- Divides work to be done in explicit occupations and dept.
- Assigns undertakings and obligations related with singular employments.
- Coordinates assorted authoritative assignments.
- Establishes relationship people, gatherings and divisions.
- Established formal lines of power.
- Allocates hierarchical assets.
- Clusters occupations into units

Factors for Designing Organizational Structure:

In such manner the accompanying elements to be considered in planning a viable authoritative structure:

- Environment
- Technology
- Size of the association
- Strategy

Condition: It is a significant factor influencing the hierarchical structure. It would think about the effect of clients, providers, contenders, lawful and political changes and social and monetary conditions

Innovation: Technology is a mix of apparatuses, procedures and know - how and impacts hierarchical structure.

Agreeing Joan Woodward contemplated inferred that innovation is a significant effect on hierarchical structure.

Size of the association: The size of the association additionally influences the authoritative structure. A major size of association may build the number of utilitarian divisions, number of administrative levels, and number of representatives with broadened duties.

Procedure: There are basically two methodologies.

1. Stability procedure: technique includes an anticipated domain and somewhat chance in

outer changes.
2. Growth methodology: includes development in this way presenting the component of multifaceted nature and vulnerability.

Added value of Organizational Structure:

Organizational structure characterizes a framework that speaks to certain activities including different assignments allocation, role definition, duties allocation, coordination and supervision coordinated towards the accomplishment of the common objective, mission and vision of the organization. There are a number of variables that separate small-business operations from large-business operations, one of which is the usage of a formal organizational structure. Organizational structure is critical for any developing company to supply direction and clarity on particular human resource issues, such as managerial authority. Small-business proprietors ought to start considering a formal structure early within the development stage of their business. Organizational structure gives direction to all workers by laying out the official reporting relationships that administer the workflow of the company. (Ingram, 2019) A formal layout of a company's structure makes it simpler to add new positions within the company, as well, giving an adaptable and ready means for development. Businesses require structure to develop and be productive, otherwise you'd have individuals pulling in all sorts of different directions. Arranging the structure guarantees there are sufficient human resources with the proper aptitudes to achieve the company's objectives, and ensures that duties are clearly characterized. Each individual has a job description that outlines obligations, and each job occupies its own position on the company organization chart. An Organization structure helps in:

- Structures that allow for better communication.
- Clear reporting relationships.
- Growth and expansion.
- Efficient task completion.
- Fits company's needs.

Ineffectively structured organizations discover that critical deadlines are not met since there were not adequate human resources in each department to achieve all parts of a given assignment, or because it was not clear whose obligation the project was. If people are not sure whom they report to, they may discover they are given conflicting assignments by two or more supervisors above them. (Hill, 2019)

Conclusion & Recommendations:

In this study we aimed to show that the number of organizational structures may vary from one perspective to another, the definition as well, but the mission and the function of these structures are the same. Moreover, our purpose here is to highlight the mission of the organizational structure, show its importance, diversification and when each type can be used. Thus assuring that it's important to have a clear vision while deciding which structure to adopt taking into consideration the number of employee, type of work…, because choosing the wrong one will result in un-recommended output in the whole organization and sometimes it may lead to the liquidation of the organization if not chosen well.

When progressing an organization's structure, you must continuously keep in mind that it may be an opportune handle that does not happen overnight, or maybe the alter of little things lead to a greater, more unified change. (Root, 2017)An organization ought to continuously take a great structure since a well-structured organization is able to create way better choices and adjust way better to changes within the commerce world, whereas an ill-structured, or a basically confounded organization leads to bottlenecks within the decision-making handle and can have an greatly awful impact on generation and income. When making beyond any doubt your organization is well organized, a couple of steps must be taken after:

Clearifying:

When it comes to advancing the structure of a company it is basic to communicate the proper stream of information to everyone inside the organization. Create and disperse departmental progression stream charts to everyone so that the bosses and their commitments are clearly caught on by everyone. When the company creates a choice making handle make sure it is caught on by the entire organization, and hold preparing classes on workflow in case required. Communication is one of the preeminent compelling gadgets an organization must work with, and communication with respect to the flow of information and the structure of the company can offer assistance to decrease confuse and streamline the method. In a couple of cases, it may be necessary to make a extraordinary assignment gather to require care of a particular issue. In that case, the same auxiliary information that's circulated with respect to other divisions have to be circulated with respect to the assignment gather. Offer assistance on an issue can come from anyplace inside the company. So as long as people know how to communicate their thoughts, they will more likely offer help.

You will got to consider contributing in a workflow program for superior record taking care of. Workflow program will offer help to set up the correct way a archive must take after in arrange for that archive to be utilized viably, and a workflow computer program can report any break downs inside the workflow.

Support System While Using Management :

Choice making for an organization is as a rule spared for the administrators of the organization. Center administration need to take on more of a support role to the choices made by the organization, rather than endeavoring to manage anything to workers. When directors are given a assignment, they ought to pool the resources essential to assist their specialists to urge the work done. A effective supervisor ought to be the go-between for specialists and officials, and a facilitator that's doled out an errand to total.

Put Checks in Place:

It is one thing to make a compelling stream of data, and it is another thing to ensure that the data is being fittingly gotten and informational are being carried out. When executing a workflow arrange it is principal to join a criticism allocate and a check on advance. Avoid making frameworks that point blame at one gather or one person, but or maybe see to move forward the structure that broke down and made the issue within the starting. A consistent framework of checks and input can offer help in ensuring that the corporate structure is working authentically which all data is being gotten.

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