Sandeep Garg

| Q4.	Define span of management.
	Ans. Span of management refers to the number of subordinates that can be effectively managed by a superior.
Q5.	What are the two types of organisation structures?
	Ans. The organisational structure can be classified under two categories:
	(i) Functional Structure; (ii) Divisional Structure.

Q6. What is meant by 'Functional organisational structure'? State its advantages and disadvantages.

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Ans. Functional structure refers to grouping of jobs of similar nature under one department.
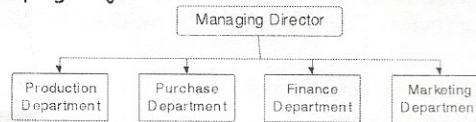
Functional structure is suitable in the following cases:

(i) When the organisation has a single product or small number of related products.

(ii) When organisation has to carry out diversified activities.

(iii) When the task requires a high degree of specialization, knowledge and skills.

Advantages of Functional Structure

(i) *Specialisation:* It promotes specialisation since each department has to perform a specific function. As employees perform similar tasks within a department, it improves their efficiency and they are able to gain specialisation.

(ii) *Effective control and coordination:* It promotes control and coordination within a department due to similarity of tasks performed. It helps the departmental manager in coordinating the various activities.

(iii) *Improves efficiency:* Expert and experienced officers are specially appointed for each functional department. It improves the efficiency of workers as they get suggestions and instructions from specialists.

(iv) *Avoids Duplication:* It helps in avoiding duplication of functions, efforts and resources as one single functional department caters to needs of entire organisation. It provides economies of scale.

(v) *Ease in Training:* It makes training of employees easier as focus is only on limited range of skills. Employees can easily learn from each other as all persons performing similar functions are grouped together.

(vi) *Supervision:* It facilitates ease in supervision over departmental activities as managers have to supervise a narrow set of functional skills.

Disadvantages of Functional Structure

(i) *Functional Empire:* Employees become so involved in achieving their departmental goals that they ignore overall organisational goals. Such practices lead to functional empires, where departmental functions are given more importance.

(ii) *Difficulty in Coordination:* The departmental managers have limited outlook. They do not look beyond their departments. It makes coordination difficult between different departments. Coordination is also difficult in case of very large departments.

(iii) *Difficult to hold accountable:* It becomes difficult to hold a particular department accountable if the organisational goal is not achieved.

(iv) *Conflict of interest:* It may lead to conflict between two or more departments if their interests are not compatible. Inter-departmental conflicts also arise when responsibilities are not clearly separated.

(ii) *Inflexibility:* Employees get training of one function only and functional heads are not trained for top management positions. As a result, they cannot be shifted to other departments or positions.

Q7. What is meant by 'Divisional Structure' of an organisation? When is divisional structure suitable? Explain its advantages and limitations.

Ans. Divisional Structure refers to grouping of jobs related to one product under one department.
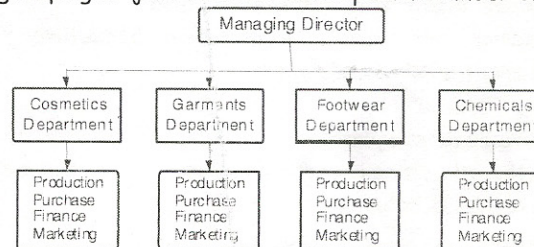
Divisional structure is suitable in the following cases:

(i) When large varieties of products are manufactured using different productive resources.

(ii) When it is important to determine profit and loss made by each product line so that decision can be taken to expand, continue or close a particular product line.

Advantages of Divisional Structure

(i) *Product specialisation:* It leads to specialisation in a particular product as all activities related to one product are grouped in one department.