

H.D. JAIN COLLEGE, ARA, BHOJPUR

(BBA COURSE)

PAPER: - MANAGEMENT CONCEPT

BY-RAJESH KUMAR RAY

FACULTY, BBA COURSE

H.D. JAIN COLLEGE, ARA, BHOJPUR

BIHAR – 802301

Formal Organization:

(Features, Advantages and Disadvantages)

Formal Organisation:

When the managers are carrying on organising process then as a result of organising process an organisational structure is created to achieve systematic working and efficient utilization of resources. This type of structure is known as formal organisational structure. Formal organisational structure clearly spells out the job to be performed by each individual, the authority, responsibility assigned to every individual, the superior- subordinate relationship and the designation of every individual in the organisation. This structure is created intentionally by the managers for achievement of organisational goal.

Features of Formal organisation:

- (1) The formal organisational structure is created intentionally by the process of organising.
- (2) The purpose of formal organisation structure is achievement of organisational goal.
- (3) In formal organisational structure each individual is assigned a specific job.

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(4) In formal organisation every individual is assigned a fixed authority or decision-making power.

(5) Formal organisational structure results in creation of superior-subordinate relations.

(6) Formal organisational structure creates a scalar chain of communication in the organisation.

Advantages of Formal Organisation:

1. Systematic Working:

Formal organisation structure results in systematic and smooth functioning of an organisation.

2. Achievement of Organisational Objectives:

Formal organisational structure is established to achieve organisational objectives.

3. No Overlapping of Work:

In formal organisation structure work is systematically divided among various departments and employees. So there is no chance of duplication or overlapping of work.

4. Co-ordination:

Formal organisational structure results in coordinating the activities of various departments.

5. Creation of Chain of Command:

Formal organisational structure clearly defines superior subordinate relationship, i.e., who reports to whom.

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6. More Emphasis on Work:

Formal organisational structure lays more emphasis on work than interpersonal relations.

Disadvantages of Formal Organisation:

1. Delay in Action:

While following scalar chain and chain of command actions get delayed in formal structure.

2. Ignores Social Needs of Employees:

Formal organisational structure does not give importance to psychological and social need of employees which may lead to demotivation of employees.

3. Emphasis on Work Only:

Formal organisational structure gives importance to work only; it ignores human relations, creativity, talents, etc.