

Departmentation

- **Meaning**

Departmentation defined as “the process of dividing activities of an organization into different administrative units”

Objectives of Departmentation

1. Facilitates Expansion
2. To obtain the advantage of specialization
3. To facilitate control
4. Comparative data on profit and loss
5. Better services to the customers

Departmentation

- It is the horizontal dimension of organization structure.
- When an organization grows in terms of number of employees, it is segmented into various departments, for better control and management. This process is called as Departmentation.
- Similar activities and related people are grouped together to form a department. Many departments are thus formed in an organization.
e.g. marketing, production, design, R&D, stores, maintenance, software development etc various departments in any organization.

Advantages of departmentation

- Master work is divided into many tasks as per specialization.
- More concentration is possible on the specific work.
- Control in department is easier.
- People become expert after working on similar functions for a long time. This expertise is an asset of any organization.
- Confusion, overlapping of work is less.

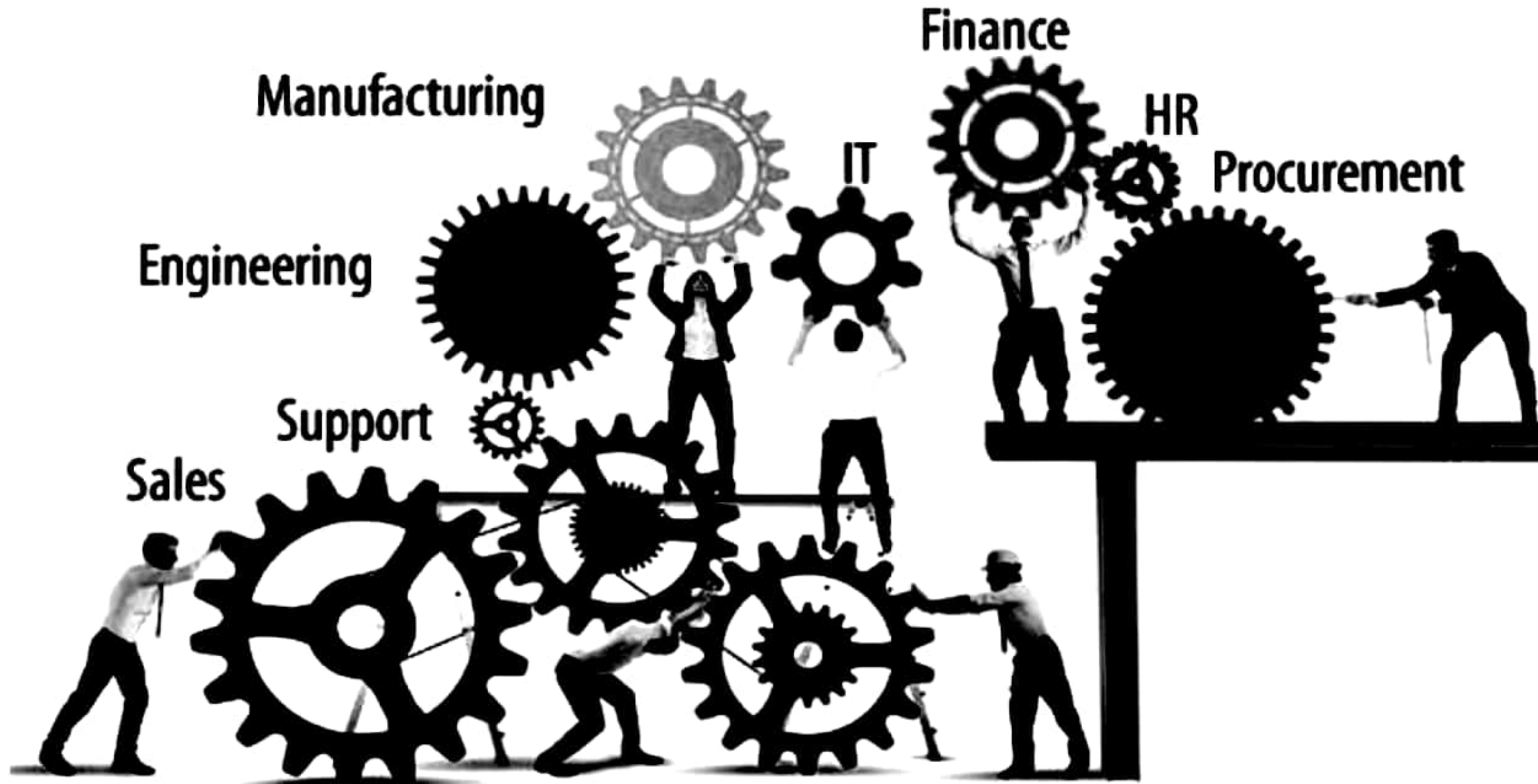
Basis Of Departmentation

1. Functional Departmentation.
2. Product wise Departmentation.
3. Territorial or Geographical Departmentation.
4. Process wise Departmentation.
5. Customer wise Departmentation.
6. Time wise Departmentation.

1. By Function

- This is the simplest and most frequent basis for departmentation.
- In departmentalization by function, the activities of the organization are divided into the primary functions to be performed manufacturing, marketing, engineering, research and development, employee relations and finance.
- It is the most prevalent form of departmentalization and is seen not only in business enterprises but in hospitals, government agencies and many other kinds of organizations.

Functional Department



Advantades & Disadvantages

Advantades

- More productivity
- Division of labour is easy
- No duplication of work
- More concentration on similar activites.
- It is scientific and logical method.

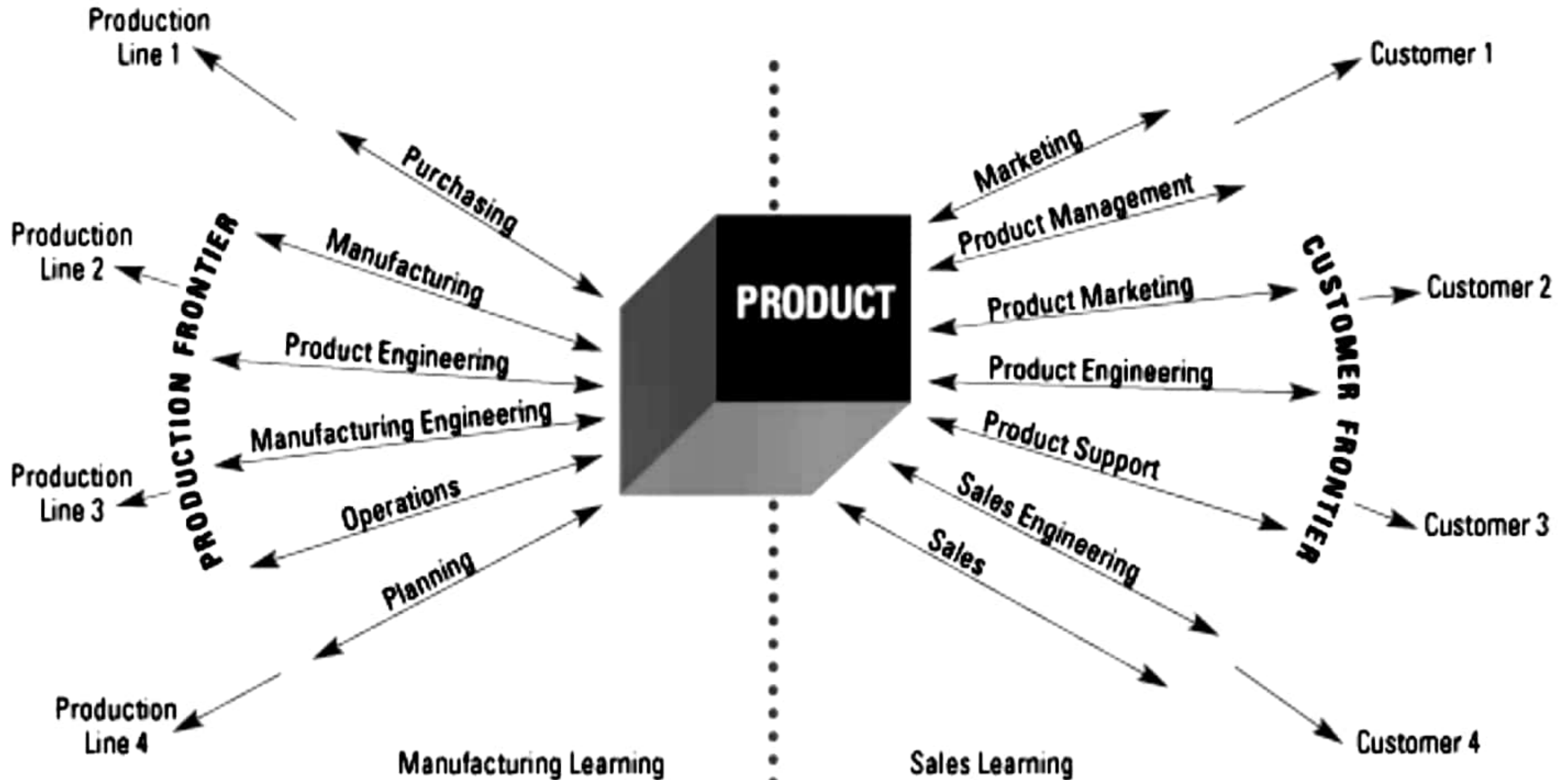
Disadvantages

- Specialised employees are expert only on one type of work.
- Facilities are over utilised.
- Extra load of work on employes.
- Less time available for training.

2.By Product

- Product departmentation involves the grouping together of all the activities necessary to manufacture a product or product line.
- In departmentalization by product, product lines are segregated and each product line has its own manager, its own manufacturing, selling etc.
- It increases management cost, duplicate service functions are required both at the top and operating levels of management.

Product Departmentation



By Process

- The manufacturing activities may be sub-divided on the basis of their process of production. Similar machines such as all lathes, all drilling machines, all shapers etc. are grouped into separate sections, each kept at one place and used for a distinct operation on the job.
- This arrangement works for job order work and is unsuitable for mass production.

Process Department

Cutting

