UNIT-3
ORGANIZING

Organising involves identification and grouping the activities to be performed and dividing them among the individuals and creating authority and responsibility relationships among them for the accomplishment of organisational objectives.

Meaning

Organizing is a process of integrating, co-ordinating and mobilizing the activities of members of a group for seeking common goals. Organisation is the process of establishing relationship among the members of the enterprise. The relationships are created in terms of authority and responsibility. To organise is to harmonise, coordinate or arrange in a logical and orderly manner. Each member in the organisation is assigned a specific responsibility or duty to perform and is granted the corresponding authority to perform his duty.

The **managerial function of organising** consists in making a rational division of work into groups of activities and tying together the positions representing grouping of activities so as to achieve a rational, well-coordinated and orderly structure for the accomplishment of work. An organizational structure consists of activities such as task allocation, coordination and supervision, which are directed towards the achievement of organizational aims. It can also be considered as the viewing glass or perspective through which individuals see their organization and its environment**.**

Definition

According to **Louis A. Allen**, "Organization is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationship for the purpose of enabling people to work most effectively together in accomplishing objectives"

According **to Chester Barnard**, "Organizing is a function by which the concern is able to define the role positions, the jobs related and the co-ordination between authority and responsibility. Hence, a manager always has to organize in order to get results."

According **to Keith Davis**, "Organization may be defined as a group of individuals, large of small, that is co-operating under the direction of executive leadership in accomplishment of certain common object".

PROCESS OF ORGANIZING

Determination of Objectives

⇩

Identification of work:

⇩

Grouping Activities

⇩

Creation of Manager ship

⇩

Division of Work within the Departmental Structure

⇩

Arrangement of Physical Facility

⇩

Developing Relationships

⇩

Provision of Channel of Communication

⇩

Coordination of Various Activities

⇩

Control and Corrective Action

 a. **Determination of Objectives**: The process of organising begins with identifying the goals for which the organisational structure has been created. Once the goals have been identified, people who are given tasks or responsibilities learn about the organization's goals when they are clearly defined and conveyed to them.

 b. **Identification of work**: The second step in organising is to determine the overall amount of work that must be done to meet organisational and personal goals. To determine the link between authority and responsibility and to prevent duplication, overlaps, and resource and effort waste, it is crucial to identify every work.

 c. **Grouping Activities**: Once the complete number of activities is known, it is required to bring related activities together in a group. Departmentation is the term for this action. Activities can be grouped based on a variety of factors, which is one of the most widely used departmentalization techniques. such as procurement, sales, production, finance, human resources, marketing, and research.

d. <u>Creation of Manager ship</u>: After departmentation is complete, the next step is to assign each department's smooth operations and appropriate operation to a different manager who is an expert in that department's particular specialty. Each manager is accountable for leading, encouraging, directing, and coordinating the actions of those reporting to him.

e. <u>Division of Work within the Departmental Structure</u>: Tasks are first assigned to various management or departmental heads, who then divide them among their subordinates in order to accomplish organisational goals. A person who is most suitable for each position is given that responsibility .This method is known as human organisation.

f. <u>Arrangement of Physical Facility</u>: For the correct completion of the prescribed task, each department and each member of the department requires fundamental facilities, such as raw materials, machineries, equipment, tools, and other inputs. Material organisation is the arrangement and provision of physical facilities to multiple parties.

g. <u>Developing Relationships</u>: It is essential to define and develop relationships in order to enable departments and the individuals within them to carry out their assigned tasks/roles effectively.

h. <u>Provision of Channel of Communication:</u> It becomes necessary for manager to communicate with one another and with supervisors and subordinates, while performing their functions. Therefore it is important to have barrier free communication system in the organization.

i. <u>Coordination of Various Activities</u>: The core of management is coordination. The organization's many activities must be connected, or appropriately coordinated. Performance at a higher level requires coordination. The fulfilment of organisational objectives should be the focus of every activity within the organisation.

j. <u>Control and Corrective Action</u>: Organizational systems should be designed with an internal control and reporting system in mind. Such an efficient control system aids in the quick identification of deviations and implementation of corrective measures. Additionally, this is essential for spotting new trends and changing the organisational structure.

AUTHORITY

Meaning of Authority

Authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. It is the right to give commands, orders and get the things done. The top-level management has greatest authority.

Definitions of Authority

According to **J. M. Lundy**, "Authority is characterized by direct lines of authority flowing from the top to the bottom of the organizational hierarchy".

According to **E.A. Shills,** "Authority is that form of power which orders or Articulates the actions of other actors through commands which are effective because those who are commanded regard the commands as legitimate."

According to **Henry Fayol**, "Authority is the right to give orders and the power to exact obedience."

CHARACTERISTICS OF AUTHORITY

The characteristics of authority can be summarized as follows:

1. Authority is vested in organizational positions, not people. Managers have authority because of the positions they hold and other people in the same positions would have the same authority.
2. Right to command-and-control subordinates.
3. Authority is accepted by subordinates. Although authority flow top down through the organization's hierarchy, subordinates comply because they believe that managers have a legitimate right to issue orders.
4. Authority down the vertical hierarchy. Positions at the top of the hierarchy are vested with more formal authority than are positions at the bottom.
5. Right to direct others and get things done.

Types of Authority

Centralization

Centralization refers to the process in which activities involving planning and decision-making within an organization are concentrated to a specific leader or location. In a centralized organization, the decision-making powers are retained in the head office, and all other offices receive commands from the main office. The executives and specialists who make critical decisions are based in the head office. Here, Decision making authority is vested in the hands of few people who are at the top position in the organization.

Similarly, in a centralized government structure, the decision-making authority is concentrated at the top, and all other lower levels follow the directions coming from the top of the organization structure.

Advantages of Centralization

An effective centralization offers the following advantages:

1. A clear chain of command

A centralized organization benefits from a clear chain of command because every person within the organization knows who to report to. Junior employees know who to approach whenever they have concerns about the organization.

On the other hand, senior executives follow a clear plan of delegating authority to employees who excel in specific functions. The executives also gain the confidence that when they delegate responsibilities to mid-level managers and other employees, there will be no overlap. A clear chain of command is beneficial when the organization needs to execute decisions quickly and in a unified manner.

2. Focused vision

When an organization follows a centralized management structure, it can focus on the fulfilment of its vision with ease. There are clear lines of communication and the senior executive can communicate the organization's vision to employees and guide them toward the achievement of the vision.

In the absence of centralized management, there will be inconsistencies in relaying the message to employees because there are no clear lines of

authority. Directing the organization's vision from the top allows for a smooth implementation of its visions and strategies. The organization's stakeholders such as customers, suppliers, and communities also receive a uniform message.

3. Reduced costs

A centralized organization adheres to standard procedures and methods that guide the organization, which helps reduce office and administrative costs. The main decision-makers are housed at the company's head office or headquarters, and therefore, there is no need for deploying more departments and equipment to other branches.

Also, the organization does not need to incur extra costs to hire specialists for its branches since critical decisions are made at the head office and then communicated to the branches. The clear chain of command reduces the duplication of responsibilities that may result in additional costs to the organization.

4. Quick implementation of decisions

In a centralized organization, decisions are made by a small group of people and then communicated to the lower-level managers. The involvement of only a few people makes the decision-making process more efficient since they can discuss the details of each decision in one meeting.

The decisions are then communicated to the lower levels of the organization for implementation. If lower-level managers are involved in the decision-making process, the process will take longer and conflicts will arise. That will make the implementation process lengthy and complicated because some managers may object to the decisions if their input is ignored.

5. Improved quality of work

The standardized procedures and better supervision in a centralized organization result in improved quality of work. There are supervisors in each department who ensure that the outputs are uniform and of high quality.

The use of advanced equipment reduces potential wastage from manual work and also helps guarantee high-quality work. Standardization of work also reduces the replication of tasks that may result in high labour costs.

Disadvantages of Centralization

The following are the disadvantages of centralization:

1. Bureaucratic leadership

Centralized management resembles a dictatorial form of leadership where employees are only expected to deliver results according to what the top executives assign them. Employees are unable to contribute to the decision-

making process of the organization, and they are merely implementers of decisions made at a higher level.

When the employees face difficulties in implementing some of the decisions, the executives will not understand because they are only decision-makers and not implementers of the decisions. The result of such actions is a decline in performance because the employees lack the motivation to implement decisions taken by top-level managers without the input of lower-level employees.

2. Remote control

The organization's executives are under tremendous pressure to formulate decisions for the organization, and they lack control over the implementation process. The failure of executives to decentralize the decision-making process adds a lot of work to their desks.

The executives suffer from a lack of time to supervise the implementation of the decisions. This leads to reluctance on the part of employees. Therefore, the executives may end up making too many decisions that are either poorly implemented or ignored by the employees.

3. Delays in work

Centralization results in delays in work as records are sent to and from the head office. Employees rely on the information communicated to them from the top, and there will be a loss in man-hours if there are delays in relaying the records. This means that the employees will be less productive if they need to wait long periods to get guidance on their next projects.

4. Lack of employee loyalty

Employees become loyal to an organization when they are allowed personal initiatives in the work they do. They can introduce their creativity and suggest ways of performing certain tasks. However, in centralization, there is no initiative in work because employees perform tasks conceptualized by top executives. This limits their creativity and loyalty to the organization due to the rigidity of the work.

Decentralisation

Decentralization refers to the distribution of decision-making authority to the organization's lower levels. It indicates that executives at all levels of the organisation share managerial authority for planning, directing, coordinating, controlling, etc. The department heads receive primary decision-making responsibility under decentralisation.

Decentralisation is the reservation of some authority at the top level and delegation of authority to make decisions to the lower level where actions take

place. Decentralisation is simply a matter of dividing up the managerial work and assigning specific duties to the various executive skills.

Definitions

According to **Louis A. Allen**, "Decentralisation refers to tire systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points."

Advantages of Decentralisation:

1. Reduces the burden on top executives:

Decentralisation relieves the top executives of the burden of performing various functions. Centralisation of authority puts the whole responsibility on the shoulders of an executive and his immediate group. This reduces the time at the disposal of top executives who should concentrate on other important managerial functions. So, the only way to lessen their burden is to decentralise the decision-making power to the subordinates.

2. Facilitates diversification:

Under decentralization, the diversification of products activities and markets etc., is facilitated. A centralised enterprise with the concentration of authority at the top will find it difficult and complex to diversify its activities and start the additional lines of manufacture or distribution.

3. To provide product and market emphasis:

A product loses its market when new products appear in the market on account of innovations or changes in the customers demand. In such cases authority is decentralised to the regional units to render instant service taking into account the price, quality, delivery, novelty, etc.,

4. Executive Development:

When the authority is decentralised, executives in the organisation will get the opportunity to develop their talents by taking initiative which will also make them ready for managerial positions. The growth of the company greatly depends on the talented executives.

5. It promotes motivation:

To quote Louis A. Allen, "Decentralisation stimulates the formation of small cohesive groups. Since local managers are given a large degree of authority and local autonomy, they tend to weld their people into closely knit integrated groups." This improves the morale of employees as they get involved in decision-making process.

6. Better control and supervision:

Decentralisation ensures better control and supervision as the subordinates at the lowest levels will have the authority to make independent decisions. As a result, they have thorough knowledge of every assignment under their control and are in a position to make amendments and take corrective action,

7. Quick Decision-Making:

Decentralisation brings decision making process (closer to the scene of action. This leads to quicker decision-making of lower level since decisions do not have to be referred up through the hierarchy.

Disadvantages of Decentralisation:

Decentralisation can be extremely beneficial. But it can be dangerous unless it is carefully constructed and constantly monitored for the good of the company as a whole.

Some disadvantages of decentralisation are:

1. Uniform policies not followed:

Under decentralisation it is not possible to follow uniform policies and standardised procedures. Each manager will work and frame policies according to his talent.

2. Problem of Co-Ordination:

Decentralisation of authority creates problems of co-ordination as authority lies dispersed widely throughout the organisation.

3. More Financial Burden:

Decentralisation requires the employment of trained personnel to accept authority, it involves more financial burden and a small enterprise cannot afford to appoint experts in various fields.

4. Require Qualified Personnel:

Decentralisation becomes useless when there are no qualified and competent personnel

5. Conflict:

Decentralisation puts more pressure on divisional heads to realize profits at any cost. Often in meeting their new profit plans, bring conflicts among managers.

Span of Management

Span of management refers to the number of subordinates that a manger can efficiently manage. Number of subordinates directly reporting to a manager is known as span. Span of management is important for:
   i)   Determining the complexity of an individual manager's job and
   ii)   Determining shape and structure of the organisation.

Factors determining the span of management

1. **Capacity of manager**: Each manager has different capacity and ability in terms of decision making, leadership, communication, judgment, guidance and control etc. mangers having more abilities in respect to these factors may have a greater number of subordinates
2. **Capacity of subordinates**: Capacity of subordinates also affects the span of a manager. Efficient and trained subordinates may work without much help of their manager. They may just need broad guidelines and they will perform accordingly. They would require lesser time from their superior due to which manager can have large number of subordinates under him.
3. **Nature of work:** If subordinates are performing similar and repetitive routine work, they can do their work without having much time of the manager. Frequent changes in work would require more detailed instructions from manager whenever there is change in work. Type of technology used also affects the span of control.
4. **Degree of Decentralization:** Degree of centralization or decentralization affects the span by affecting the involvement in decision making process. If manager clearly delegates his authority and defines it fully this would require less time to devote to manage his subordinates as subordinates will take most of the actions by their own. Hence manager can have wider span.
5. **Degree of Planning**: If the planning is effectively done particularly if standing plans procedures rules methods are clear then subordinates can make their decisions on their own. If they have to make their own plans, they

would require more guidelines by superiors and manager can handle narrow span in the case of improper planning.

6. **Communication System:** If communication system is modern i.e., tools like electronic devices will save time of face-to-face interaction, which require more time, span of manager can be increased.

7. **Level of Management:** Level of management also affects the span. Higher the has level of management lesser the number of subordinates as higher-level management does not have much time to supervise. They spend their most of time in planning and other functions. Lower-level managers can have wider span than the higher-level managers.

8. **Physical location:** If all the persons to be supervised are located at same place within the direct supervision of manager, he can supervise a greater number of people. If subordinates are at different locations, then manager can supervise a smaller number of spans.

Delegation of Authority

Delegation of authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

Delegation is the process which enables a person to assign a work to others and delegate them with adequate authority to do it. Delegation is a process of sharing work and authority between a manager and his subordinates.

According to **Allen,** "Delegation takes place when one person gives another the right to perform work on his behalf and in his name and the second person accepts a corresponding duty or obligation to do what is required of him."

According to **Koontz and O' Donnell**, "The entire process of delegation involves the determination of results excepted, the assignment of tasks, the delegation of authority for accomplishment of these tasks and exaction of responsibility for their accomplishment".

Delegation helps in completing the work in time, reduces the workload of managers, and motivates and develops subordinates. In other works, delegation is process which enables a person to assign a work to others and delegate them with adequate authority to do it.

Formal and Informal Organisation

Organising refers to identifying and growing different activities in the organisation. It brings together human and non-human resources to achieve organisational goals. Organising helps in the implementation of the plan by clarifying job and working relationships for the attainment of desired goals.

Types of Organisations

Organisations are a network of relationships amongst people working together so as to get the best output in an enterprise. The two types of the organisation formed on the basis of relationships are:

1. Formal organisation
2. Informal organisation

Formal Organisation

Formal organisation refers to the official structure of well-defined jobs, each being a measure of authority and responsibility. This organisational structure is designed by the management to accomplish a particular task. In formal organisation positions and authority of each level are clearly defined. It is deliberately designed to enable people to work together for achieving common objectives. It is a deliberate determination by which people accomplish goals by adhering to the norms laid by the structure. In this kind of organisation, each person is responsible for their performance. It has a formal setup of superior-subordinate relationships to achieve a predetermined goal. The structure of a formal organisation can be functional or divisional.

Features

Following are the features of formal organisation

1. **Formation:** Formal organisation is created by top-level management for the smooth functioning of the organisation.
2. **Purpose:** It is created to achieve the organisational objectives, and it gives more emphasis on work rather than interpersonal relationships.
3. **Reporting relationship**: The position, responsibility, and accountability of each person are clearly defined. These things clarify who will report to whom and avoids confusion in an organisation.
4. **Stability:** Formal organisation is stable due to its well-defined structure.
5. **Chain of command and communication**: Formal organisation follows the official chain of command and communication at every step.
6. **Flexibility:** Formal organisation is rigid because members are required to behave in a prescribed manner.

7. **Coordination:** Formal organisation coordinates and integrates the effort of various departments.

Advantages

Following are the advantages of formal organisation:

1. **Fixation of responsibility:** It is easier to fix responsibility because mutual relationships are clearly defined.
2. **Clarity of duties:** The role and duties of each member are clearly and explicitly specified. So, there is no confusion, and it helps in avoiding duplication of effort.
3. **Unity of command:** There is unity of command as formal the organisation makes more use of official channels of command and communication.
4. **Helpful in achieving objectives**: It leads to the effective accomplishment of objectives by providing a framework for operations to be performed and clarify of roles in the minds of employees.
5. **Provides stability:** It provides stability to the organisation as the behaviour of employees can be fairly predicted since there are specific rules to guide them.

Disadvantages

Following are the disadvantages of formal organisation:

1. **Delay in action**: Formal communication may lead to delays in decision-making and action, as the official chain of command has to be followed.
2. **Lack of initiative:** Formal organisation does not allow any deviation from policy and rules, which are laid down by the management. It kills the spirit of initiative and creativity amongst the members of the organisation.
3. **Ignore human elements**: Formal organisation has given more emphasis on its work and structure. Therefore, it ignores the importance of interpersonal relations and human needs.

Informal Organisation

Informal organisation refers to a network of social relations, which emerges on its own due to formal roles and relationships amongst people. Informal organisations emerge from within the formal organisation when people interact beyond their official defined roles. When people have frequent contact, they cannot be forced into a rigid formal structure. It means the informal organisation is not pre-planned. It arises automatically

due to frequent contact of people with each other. It arises to fill the social and personal needs of an individual, which cannot be satisfied through a formal organisation. Informal organisations have no prescribed rules and policies, but it comes into existence through social relations.

Features

Following are the features of informal organisation:

1. **Formation:** Informal organisation emerges on its own within the formal organisation due to interaction amongst employees.
2. **Purpose**: The main purpose of an informal organisation is to satisfy social and cultural needs and to fulfil the common interest of the members of the organisation.
3. **Reporting relationship**: There is no definite pattern of authority and responsibility.
4. **Stability:** Due to the lack of a definite structure, the informal structure is less stable.
5. **Chain of command and communication:** There is no definite direction of communication for the flow of information. Information flows independently.
6. **Flexibility:** This organisation is flexible because it has no standard for measures of behaviour.

Advantages

Following are the advantages of informal organisation:

1. **Faster Communication**: Informal organisation follows the independent channel of communication because there is no prescribed official channel. It leads to a faster spread of information as well as quick feedback. Sometimes, management also uses such communication to transmit certain information, which the formal system fails to convey.
2. **Fulfil social needs**: Informal organisation satisfies the social needs of the members, which are not satisfied in formal organisation. This enhances their job satisfaction, as it gives them a sense of belongingness.
3. **Help in achieving organisational objectives**: It contributes towards the fulfilment of organisational objectives by compensating for inadequacies in the formal organisation. Informal organisation provides feedback about the work experience as they discuss their views and ideas with superiors.

Disadvantages

Following are the disadvantages of informal organisation:

1. **Resistance to change**: Informal organisation is bounded by custom and culture, so it resists change. Such resistance may delay or restrict the growth of the organisation.
2. **Spread of rumours:** When an informal organisation spreads rumours, it becomes a destructive force and goes against the interest of the formal organisation.
3. **Pressure of group norms:** In the case of informal organisation, people are under pressure to follow the group norms, even if such norms are against the interest of the formal organisation.

Difference Between Formal and Informal Organization Structure

BASIS FOR COMPARISON	FORMAL ORGANIZATION	INFORMAL ORGANIZATION
Meaning	An organization type in which the job of each member is clearly defined, whose authority, responsibility and accountability are fixed is formal organization.	An organization formed within the formal organization as a network of interpersonal relationship, when people interact with each other, is known as informal communication.
Creation	Deliberately by top management.	Spontaneously by members.
Purpose	To fulfil, the ultimate objective of the organization.	To satisfy their social and psychological needs.
Nature	Stable, it continues for a long time.	Not stable
Communication	Official communication	Grapevine
Control mechanism	Rules and Regulations	Norms, values and beliefs
Focus on	Work performance	Interpersonal relationship
Size	Large	Small

TYPES OF ORGANIZATIONAL STRUCTURES

TRADITIONAL FORMS

Line organization

Line organization is the basic framework for the whole organization. It represents a direct vertical relationship through which authority flows. This is the simplest and oldest, known as chain of command or scalar principle. The authority flows from top to the lower levels. Every person is in charge of all the persons under him and he himself is accountable to his superior only. This organization is a vertical structure where one person delegates authority to his subordinate and who in turn delegates to his subordinate and so on.

In the words of **J.M. Lundy**, "It is characterized by direct lines of authority flowing from the top to the bottom of the organizational hierarchy and lines of responsibility flowing in an opposite but equally direct manner."

This form of organization is followed in military establishments. The 'Commander-in-Chief is at the top with various other officers at the lower levels. The officers at downward positions derive authority from the top. The modern military organizations do not entirely rely on line organization. They have staff wings like intelligence, medical and so on.
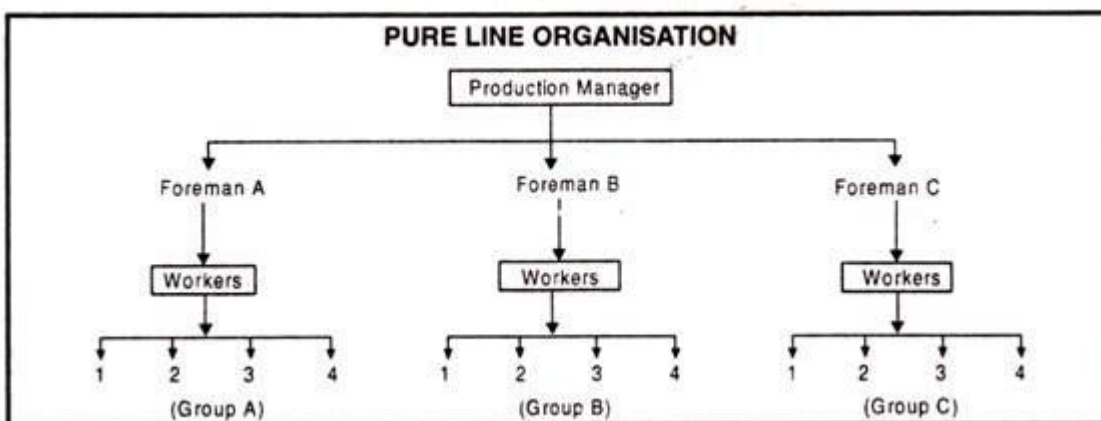
Types of Line Organization:

Line organization is of two types:

(a) Pure Line Organization.

(b) Departmental Line Organization.

(a) Pure Line Organization:

In pure line organization all persons at a given level perform the same type of work. The divisions are solely for the purpose of control and direction.

**The following figure gives an idea of pure line organisation:**

The departmental divisions are made only for the sake of convenience and control. All workers perform the same type of work.

(b) Departmental Line Organization:

The departmental type of line organization divides the enterprise into different departments which are convenient for control purposes. There is a unity of control and line of authority flows from top to the bottom. The whole organization is put under the overall control of Chief Executive who may be called by the name of General Manager. Different departments are put under the control of Departmental Managers. Departmental managers get orders directly from the General Manager. The managers are not dependent upon each other. Every department has its own line of organization. There may be deputy managers, supervisors, workers in every department. The deputy managers get orders from the departmental manager and in turn pass them on to the supervisors.

The following figure explains the departmental line of organization:
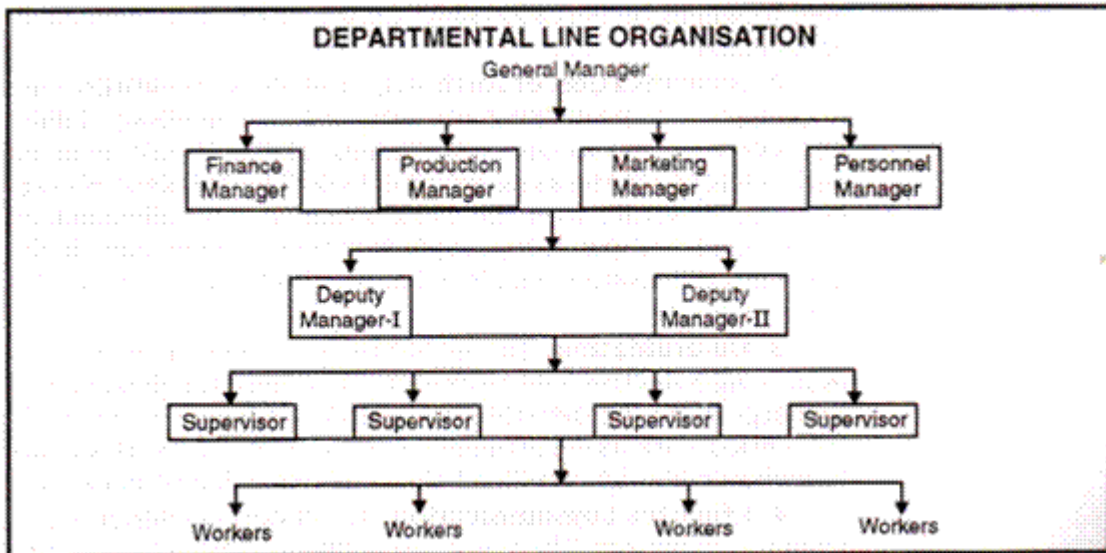
The orders ultimately reach the workers who actually execute them. Various departmental managers are equal to each other in status and authority. They do not exchange instructions with each other. Any communication between them is routed through their immediate boss.

Characteristics of Line Organization

1. Line organization has direct vertical relationship.
2. The departmental head has full authority to manage and control of that department.
3. The operation of line organization is very simple.
4. The direct relationship is prevailing between the sub-ordinate and immediate superior.

5. Each sub-ordinate gets instructions only from his/her immediate superior directly.

6. Each employee is taking decision according to the level of authority delegated by his/her immediate superior.

Merits of Line Organization:

The line organization has the following good points:

1. Simplicity:

Line organization is simple to establish and can be easily understood by the employees. There is no complexity in the organization because every person is accountable to only one boss. Everybody knows his work and also to whom he is responsible. So it can be operated simply and clearly.

2. Identification of Authority and Responsibility:

Line organization helps in fixing authority and responsibility of each and every person in the organization. The authority is given with reference to the assignment of task. The authority should be commensurate with the work assigned. The allocation of work will also help in fixing responsibility of various individuals. So line organization enables the fixation of authority and responsibility.

3. Co-ordination:

The hierarchy in management helps in achieving effective co-ordination. The general manager is in-charge of all the departments and he can easily co-ordinate the work of various departments. At departmental level manager is in-charge and he can direct the activities of his juniors.

4. Effective Communication:

The chain of command goes from top to bottom. There is a direct link between the superior and his subordinate, both can communicate properly among themselves. The reactions of subordinates also reach top management in a short span of time.

5. Economical:

Line organization is easy to operate and less expensive. There are no staff personnel to advice line officers. Line officers take their own decisions without looking to specialized personnel. This greatly reduces the establishment cost.

6. Quick Decisions:

Only one person is in-charge of a department or division. He has to take various decisions by himself. There are no staff personnel for consultation too. This enables a manager to take prompt decisions. If a decision making process involves the consultation of a number of persons then there are likely to be delays in deciding things. In line organization only departmental head is required to take decisions and he will not waste time in deciding things.

7. Unity of Command:

In line organization every person is under the command of one boss only. This type of organization is in accordance with the principle of scalar chain.

8. Effective Control and Supervision:

The number of subordinates is limited under line organization. The superior can exercise effective control and supervise over the persons under him. There is a direct link between superior and subordinates. This also helps in having better control because the subordinates will be under constant watch.

9. Executive Development:

Under this system the departmental head is involved in taking and executing various decisions. His task is challenging and he is expected to discharge his responsibility in an efficient way. This helps an executive to learn many things and develop his capabilities.

10. Flexibility:

Since the manager has to take all important decisions, he can make changes if new situation warrants. He need not to waste time in getting instructions from above. He can take a decision according to the requirements of the situation.

Demerits of Line Organization:

1. Excess Work:

In line organization too much is expected from executives. They are expected to take numerous decisions and supervise the work of subordinates under them. The work load of executives goes on increasing with the expansion and diversification of the unit. The line office cannot devote sufficient time to each and every work and are over loaded -with responsibilities.

2. Lack of Specialization:

The lack of managerial specialization is the demerit of line organization. The line officers cannot be experts in every line of business. Since they are to take decisions with regard to every aspect of business, the quality of decisions may suffer. The officers will have to depend heavily on subordinates for advice.

3. Lack of Co-ordination:

There is a lack of co-ordination among various departments. All departmental heads try to run the departments in their own way and according to their suitability. There may be a lack of operational uniformity among various departments. This may become the reason for lack of co-ordination among different departments. This may become the reason for lack of co-ordination among different departments.

4. Improper Communication:

The ultimate authority for taking all decisions lies with line officers. The line officers may become autocratic and start deciding things without consulting

their subordinates. The subordinates start keeping distance from the superiors. The decisions are implemented without comments even if these appear to be detrimental to the interests of the organization. The subordinates do not convey their reactions or the reactions of workers to the superiors. The lack of communication creates many problems for the smooth conduct of business.

5. Lack of Initiative:

In line organization final decision-making is done by the top management. The lower-level officials do not show initiative in suggesting new things. They feel that their suggestions may not carry weight with their superiors so they avoid taking any type of initiative.

6. Favouritism:

There is a scope for favouritism in line organization. The officers work according to their whims and preferences. They judge the performance of persons according to their own likings. They judge the performance of persons according to their own yardsticks. There is a likelihood that some persons may be given favours and deserving persons, on the other hand, may be ignored.

7. Instability:

The business is dependent upon some key persons and the sudden disappearance of such persons from the scene may create instability in the business. There is also a lack of grooming the new persons for taking up important work. The managerial growth also suffers because lower-level persons are not involved in decision-making process.

Line and staff

Line and staff structure uses two layers of authorities in the organization (line authority and staff authority). Staff authority is responsible for policy making and planning, and line managers are responsible for the execution of daily organizational activities.

Figure 1
Line-and-Staff Organization
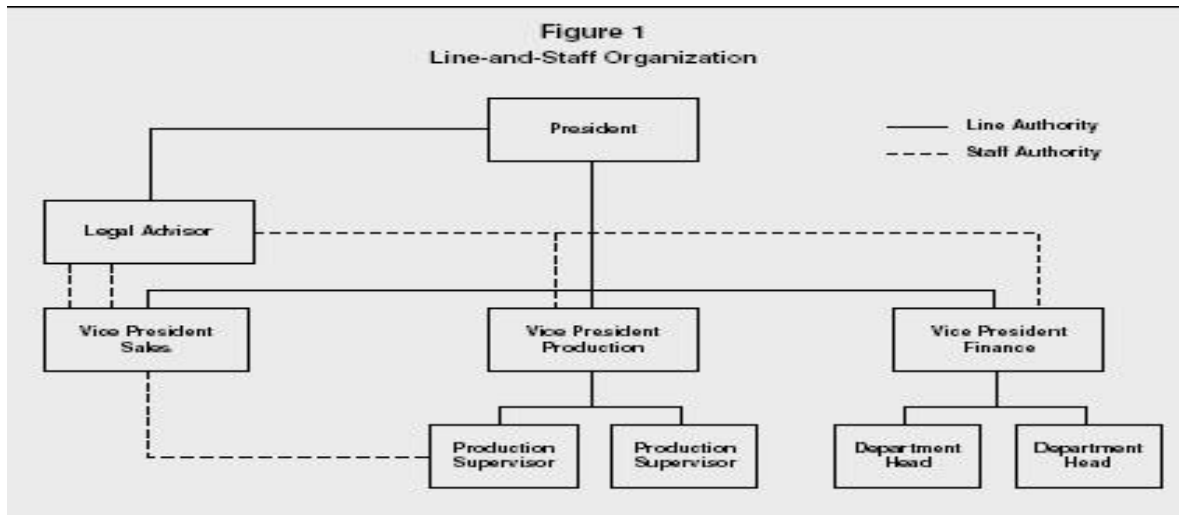
Features of Line and Staff Organization

1. There are two types of staff:

    a. **Staff Assistants**- P.A. to Managing Director, Secretary to Marketing Manager.

    b. **Staff Supervisor-** Operation Control Manager, Quality Controller, PRO

2. Line and Staff Organization is a compromise of line organization. It is more complex than line concern.

3. Division of work and specialization takes place in line and staff organization.

4. The whole organization is divided into different functional areas to which staff specialists are attached

5. Efficiency can be achieved through the features of specialization. 6. There are two lines of authority which flow at one time in a concern:

6. There are two lines of authority which flows at one time in a concern:

    a. Line Authority.

    b. Staff Authority.

7. Power of command remains with the line executive and staff serves only as counsellors.

Merits Or Advantages of Line and Staff Organization

The main advantages of line and staff organizational structure can be pointed out as follows:

1. Most Suitable Structure

line organization is very simple type of structure and it does not practice specialization in the workplace. On the other hand, functional organization is more complicated because the relation between authorities is not properly defined. But line and staff organization accept the positive sides and overcomes the drawbacks of line and functional structures. Therefore, it is the most suitable form of organizational structure.

2. Promotion of Specialization

In line and staff organization, staff authority is concerned with planning function and line authority concentrates on the execution of tasks with the help of functional specialists. So, it promotes specialization which helps to increase efficiency and productivity.

3. Better Decision Making

Expert advice and suggestions are considered while taking decisions that helps the functional managers to make sound decision.

4. Reduced Workload

Because of dual authority and specialization, there will be a lesser burden to both line and staff officers. So, managers can perform their jobs more effectively.

5. More Flexible

Line and staff organization is flexible than line structure and functional structure. New departments or units can be created, subordinates can be hired and authority can be modified as per the requirement. Because of the flexibility, it facilitates growth and expansion opportunity.

6. Scope of Advancement

Because of variety of jobs and regular conduction of training and development programs, it provides opportunity for advancement to the subordinates. It helps to increase their skills and specialty. It also increases employee motivation and job satisfaction.

7. Suitable for Big Organizations

Line and staff structure is suitable for big organizations and business firms which have more resources, employees and variety of operations.

Drawbacks Or Disadvantages Of Line And Staff Organization

The main disadvantages of line and staff organization can be pointed out as follows:

1. Expensive Structure

Line and staff organization requires more resources (infrastructure, finance and employees) that other forms of organizations. More remuneration should be paid to the specialists and experts. More training and development cost is required to improve the performance of staffs. So, it is expensive type of structure.

2. Not Suitable for Small Organizations

Because of dual authority, requirement of more cost and complexity, it is not suitable for small and medium sized organizations having limited capital and resources.

3. Conflict between the Authorities

Because of the improper division of roles and responsibility between line authority and staff authority, there may be a confusion and misunderstanding among the officers. Confusion and misunderstanding create conflict between two authorities. It may create burden for the top management to manage or settle this issue in the organization.

4. High Employee Turnover

Conflict between line and staff authority may discourage specialists, experts and subordinates working in the organization. So, if the top management fails to maintain better coordination and harmony in the workplace, employees may quit the job. Therefore, there is a chance of high employee turnover in line and staff organization than other types of structures.

5. Communication Problem

This type of design may create communication problem in the organization. Dual authority creates confusion to the subordinates and makes difficult for them to understand whose instructions to be followed and whom to report.

Functional organization structure

A functional structure is a type of business structure that organizes a company into different departments based on areas of expertise. These departments serve as functional units and are overseen by functional managers or department heads. In each department, team members report up the chain of command to department heads, who in turn report to the company's top management, apprising them on the status of their functional areas.
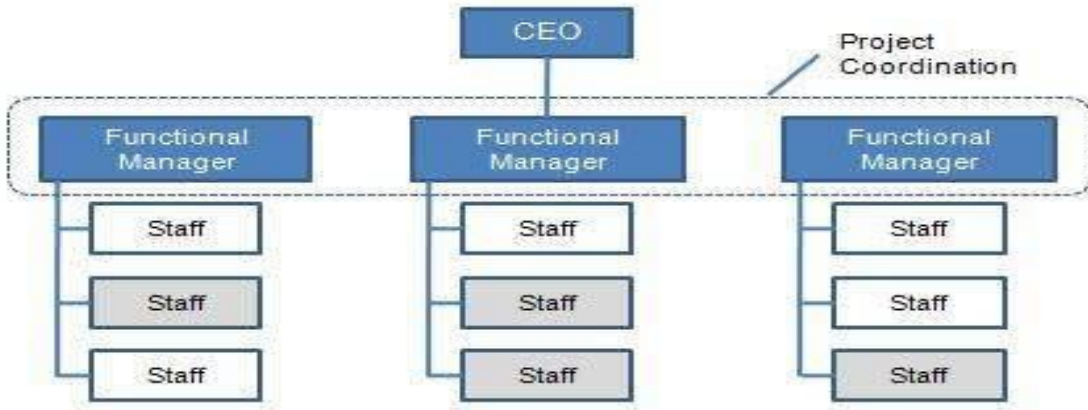
In other words, a functional organization structure, the entire organization is divided into smaller groups or departments based on specialized functions. Since the work is divided into smaller sectors, so is the management. The management is also sub-divided according to the type of work being done.

So, every department has their own head or executive. And the reporting structure can also differ from department to department.

So, for example in such an arrangement there will be a finance department, and IT department, marketing department etc. This allows for greater cohesiveness and efficiency in the work of the employees

Features
1. **There's a top-down hierarchical structure**. Most functionally structured companies have a senior management team that oversees the company at large, but nearly all other employees are part of a specific, siloed department.

2. **Department heads report to senior management**. Each department within a company—whether it's sales, product, or IT—has a department head who is either part of top management or directly reports to them.

3. **Employees specialize in certain tasks**. Employees in functionally structured companies are hired for their expertise in a particular skill. They rarely stray outside of their role to help with the work of another department.
Advantages of the Functional Organization Structure

Advantages of the Functional Organizational Structure

Of the following advantages, the first one is the most important; the functional structure can introduce a great deal of efficiency into the operations of a business. The advantages are noted below.

1. Increased Efficiencies

When employees are allowed to focus on one specific functional area to the exclusion of all else, they can achieve significant efficiencies in terms of process flow and management methods.

2. Clear Chain of Command

There is a very clear chain of command in this structure, so everyone knows which decisions they are allowed to make, and which ones to hand off to their supervisors.

3. Clear Career Paths

It is easier to set up career paths for employees and monitor their progress toward the goals outlined for their functional areas.

4. Enhanced Specialization

A company can use this approach to cultivate a group of extraordinary specialists who can strongly impact the functions of the company.

5. Better Training

It is easier to monitor and update the training of employees when they are focused on narrow functional areas.

Disadvantages of the Functional Organization Structure

Despite the advantages of the functional organizational structure, it can also twist the fundamental process and decision flow within a business, with the following results:

1. Slower Growth

When a company is growing rapidly and is therefore continually modifying its operations to meet changing conditions, the functional structure can reduce the speed with which changes are made. This is because requests for decisions must move up the organizational structure to a decision maker, and then back down to the person requesting a decision; if there are multiple levels in the organizational structure, this can take a long time.

2. Longer Queue Times

When processes cross the boundaries of multiple functional areas, the queue times added by each area can greatly increase the time required to complete an entire transaction.

3. Unclear Responsibility

With so many specialists involved in a process, it is difficult to pin the blame for a specific product or service malfunction on any individual.

4. Functional Silos

There is a tendency toward poor communication across the various functional silos within a business, though this can be mitigated by using cross-functional teams.

5. Unnecessary in Smaller Businesses

This approach is not needed in small businesses, where employees may be individually responsible for many functions.

6. Narrow Specialist Viewpoint

When everyone in the company is herded into clusters of functional silos, there are few people left who are capable of seeing the total strategic direction of the company, which can result in a very difficult decision-making process.

Matrix organizational structure

The matrix organizational structure is a combination of two or more different kinds of organizational structures, such as project management or functional management. Additionally, the matrix structure is composed of both a traditional hierarchy of management, where employees are managed by a functional manager, as well as additional project managers who can manage employees across different departments. These two or more managerial systems intersect on a grid or matrix
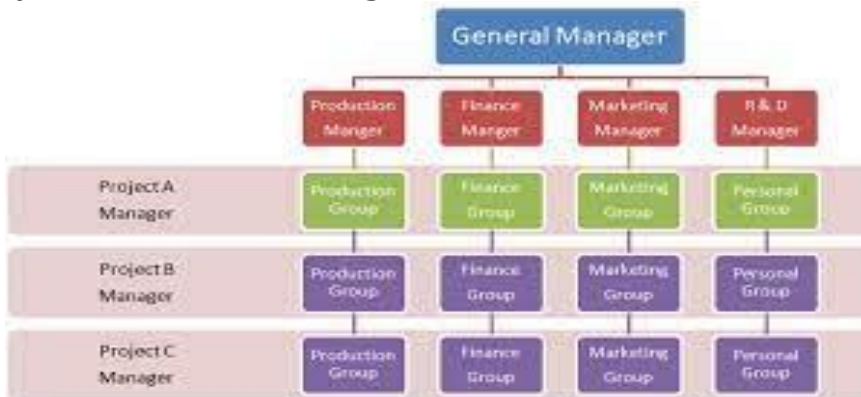
Features

1.**Hybrid Structure**: Matrix organisation is a hybrid structure. This is so, because it is a combination of two or more organisation structures. It combines functional organisation with a project organisation. Therefore, it has the merits and demerits of both these organisation structures.

2. **Functional Manager**: The Functional Manager has authority over the technical (functional) aspects of the project.

The responsibilities of functional manager are: -

1. He decides how to do the work.
2. He distributes the project work among his subordinates.
3. He looks after the operational aspects.

3. **Project Manager**: The Project manager has authority over the administrative aspects of the project. He has full authority over the financial and physical resources which he can use for completing the project.

 The responsibilities of project manager are: -

He decides what to do.

He is responsible for scheduling the project work.

He co-ordinates the activities of the different functional members.

He evaluates the project performance.

4. **Problem of Unity of Command**: In a matrix organisation, there is a problem of the unity of command. This is so, because the subordinates receive orders from two bosses viz., the Project Manager and the Functional Manager. This will result in confusion, disorder, indiscipline, inefficiency, etc. All this will reduce the productivity and profitability of the project.

5. **Specialisation**: In a Matrix organisation, there is a specialisation. The project manager concentrates on the administrative aspects of the project while the functional manager concentrates on the technical aspects of the project.

6 **Suitability**: Matrix organisation is suitable for multi-project organisations. It is mainly used by large construction companies, that construct huge residential and commercial projects in different places at the same time. Each project is looked after (handled) by a project manager. He is supported by many functional managers and employees of the company.

Advantages of the matrix organizational structure

There are several advantages to using the matrix organizational structure. One benefit of the matrix structure is that it allows cross-collaboration between staff and departments that may not always have opportunities to work together. There are several other key advantages as well:

1. Collaboration between different departments

Perhaps the biggest advantage of a matrix structure is that it brings together highly skilled team members from different departments, allowing the organization to capitalize on the resources it already has rather than seeking expertise and recruiting project team members from outside of the organization.

2. Combines project and functional management structures

The matrix structure combines the project management structure with the functional management structure to increase efficiency, adapt to changing markets and respond more quickly to market demand.

3. Allows interdepartmental communication

The matrix structure also allows for better interdepartmental communication and collaboration. By allowing different departments to work together, the matrix structure fosters a more open work environment, ultimately making the organization more dynamic.

4. Employees can develop new skill sets

The matrix structure can offer employees the opportunity to strengthen their interpersonal skills, communication skills and new skill sets due to the nature of utilizing more than one manager. Working outside of a traditional or hierarchal structure can benefit employees by helping them develop new skill sets and gain valuable experience from working with different departments.

5. Team members and managers keep their functional roles

Projects will always continue to come to an end, but project team members and managers may keep their functional roles throughout the project. When a project ends, both managers and team members can avoid misconceptions about their job security or searching for new projects as a contractor, as they may simply assume their functional roles. Additionally, team members may also participate in future projects.

Disadvantages of the matrix organizational structure

Conversely, the matrix structure may sometimes be difficult in achieving total structure in an environment where managers hold equal superiority over their shared team members. Additionally, team members might have misconceptions about how they are expected to divide their time between their functional duties and their project responsibilities. There can sometimes be several key disadvantages to using a matrix structure:

1. Managerial roles may not be clearly defined

One common disadvantage of the matrix structure can appear as confusion among managers who are involved with projects that are outlined by the matrix. Since the power dynamics between the functional manager and the project manager may not be as clearly defined within the matrix, confusion about the specific managerial roles may arise.

2. Team roles may not be clearly defined

Another issue is when team members' roles aren't clearly defined in the project or the division of responsibilities between employees' functional roles and project roles isn't clear.

3. The decision-making process can be slowed down

Because of the nature of the matrix involving more than one manager, decisions that may be required to pass through both managers can sometimes take longer to process than in a traditional structure. Furthermore, with the integration of multiple managers and team members, decisions that require multiple steps, for instance, in quality assurance, can be slowed down when guided by the matrix.

4. Too much work can cause overload.

The matrix organization structure can also sometimes lead to work overload on team members since their project workload is often in addition to their regular functional duties. Employees might suffer burnout or overlook or fail to complete tasks or have their quality of work suffer due to time constraints.

## 5. Measuring employee performance might become difficult.

Oftentimes, when implementing a matrix structure, it may be difficult to gauge employee performance when working on a project. This is in part because

team members may be essentially performing more than one role, both functionally and the tasks within the project.

Ultimately, with careful planning, clear expectations and open, effective communication, the matrix organizational structure can be an advantageous method of organizing multiple roles and departments when undertaking a large-scale project.

Committee Organization:

A committee is a group of persons who consciously and deliberately formed to discuss a problem and provide solutions to overcome it. They meet on an organized basis to discuss and deal with the matter placed before it.
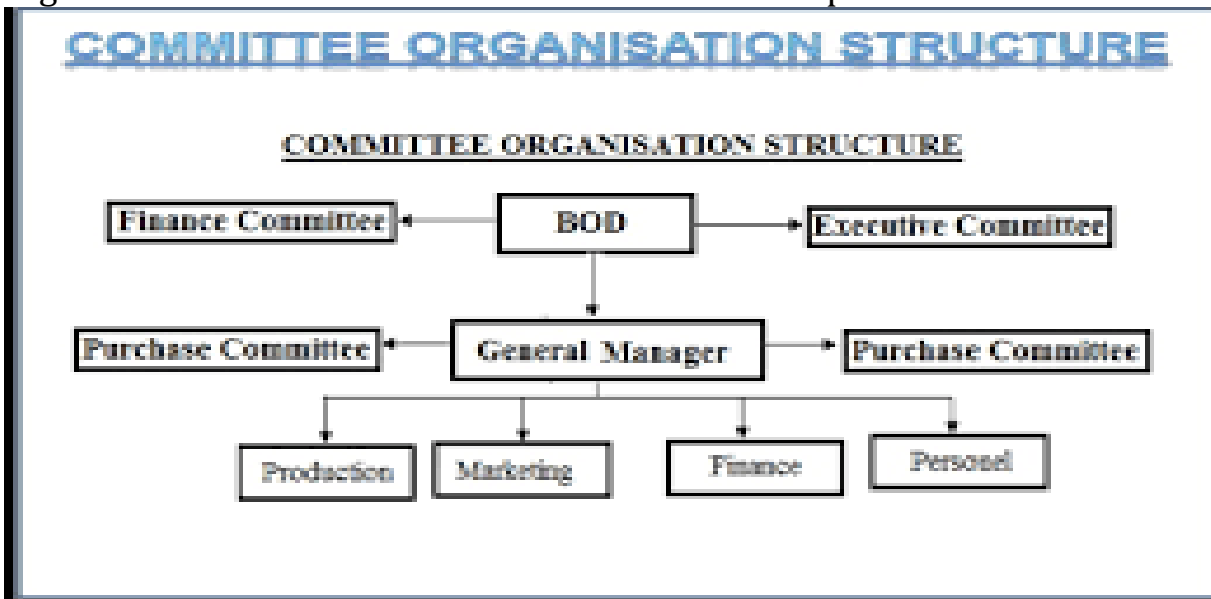
The following are the characteristics of a committee:

- A committee is a group of people. There must be a minimum of two people and there is no limit for maximum.
- The scope of committee is limited to the extent of task assigned to it.
- Democratic principle of 'One man one vote' is followed
- It may be executive committee or non-executive committee. Executive committee takes decisions and implements them. Non-executive committee only provides suggestions and recommendations.

Merits of Committee Organization:

- **Pooling of knowledge and experience**- Knowledge and experience are pooled together to take joint decisions on the principle of two heads are better than one.
- **Motivation through participation-** Members are allowed to participate in the decision-making process. It makes them more committed to the decision.

- **Effective and proper coordination-** Through coordination of experts bringing together diverse viewpoints many problems could be solved effectively.
- **Tool for management development-** Every member has an opportunity for learning from the experience and mistakes of others. Thus it helps for management development.
- **Representation of diverse interest groups-** When different interest groups are represented in a committee, conflicting views can be easily settled through motivation and participation.
- **Effective communication-** By convening a committee any information can be easily passed on the all members of the organization.
- **Consolidation of authority-** It enables management to consolidate splintered authority. This is helpful to a manager who has limited authority with which he cannot solve the problem without simultaneous exercise of authority by other managers related to the problem.

Demerits of Committee Organization:

- The committee is one made of the unfit, selected by the unwilling to do the unnecessary.
- The excessive or lack of use of committees creates problems to the management as follows:
- It is costly and time-consuming activity. The cost incurred is far below its benefits.
- Committees do not help in taking quick decisions.
- To arrive at unanimous decisions agreements are arrived at on the basis of a compromise which may not be really a right decision, Compromise is not the solution.
- When unanimous decisions are taken by dominant members, a few persons may accept them under pressure.
- Committees fix group responsibility where no individual can be made accountable. This leads to inefficiency.
- Committee is a tool to misuse to delay or avoid or to take unpleasant decision.

Modern forms of organisational structure

Bureaucratic organization

A **bureaucratic organization** is a form of management that has a pyramidal command structure. The bureaucratic organization is very organized with a high degree of formality in the way it operates. Organizational charts generally exist for every department, and decisions are made through an organized process. A strict command and control structure is present at all times. Bureaucracies are meant to be orderly, fair and highly efficient.

Bureaucratic organizational structures have many layers of management, cascading down from senior executives to regional managers to departmental managers - all the way down to shift supervisors who work alongside frontline employees. So, authority is centered at the top, and information generally flows from the top down. For example, a senior executive may implement a new policy stating that employees must have all overtime approved by management before actually working the overtime. The new policy will go from the desk of the senior executive all the way down to the frontline employees.

Characteristics of Bureaucratic Organizations
The basic characteristics of a bureaucracy are:
- Rules and job responsibilities are written down and clearly stated
- Clear hierarchy of power is concentrated among a few high-ranking managers
- Appointments and promotions of officers are formal because these officers will be held accountable
- Employees are hired based on their skills and knowledge, not because of favouritism or luck
- Salaries are tied to a pay-grade system
- Bureaucracies are unable or unwilling to adapt to changing conditions quickly
- Micro-managing is common

ADVANTAGES OF A BUREAUCRATIC STRUCTURE

1. ACCOUNTABILITY

Despite being viewed as a large system of rules and regulations, the bureaucratic culture requires responsibility and accountability. People who work within this structure often have a high level of education, more self-direction and are more open-minded. They also tend to focus more on the general good compared to those working for other types of organizations.

2. JOB SECURITY

A bureaucratic structure also provides more job security than other organizational structures as long as its employees follow directions. Typically, if a worker does what he is told, abides by the rules and is accountable to his position, he can expect a steady salary and benefits.

3. EQUAL CHANCES TO SUCCEED

Favouritism is discouraged in a bureaucratic structure. In a successful bureaucracy, the impersonal nature of relationships creates some benefits. Equality is emphasized. This means that friendships don't influence the outcomes that are created. Political pressure is secondary to the clout that comes with doing a good, consistent job. This creates a starting line where everyone has the same chance to succeed. It's generally less challenging for an individual to fit into a bureaucratic culture as compared to a flatter organizational structure. This is because rules and regulations provide clear instructions for job roles and expectations.

DISADVANTAGES OF A BUREAUCRATIC STRUCTURE

1. REDUCED PRODUCTIVITY AND INNOVATION

The bureaucratic organizational structure may inhibit productivity, diminish innovation and decrease morale. The structure is inherently laden with rules and more policies and procedures can be added at any time, making workloads and roles more complicated.

2. POOR FINANCIAL MANAGEMENT

Another disadvantage to a bureaucratic structure is the way finances are managed, more specifically, the way the budget is allocated. For instance, in a bureaucratic business, typically, money is available for the current cycle only. If it's not used, then expenditures will not be accounted for in the next budget cycle. This creates a culture of waste since people and departments will spend money so they can have it in their following year's budget.

3. DECREASED EMPLOYEE MORALE

Bureaucratic organizational structures can also create boredom for their workers, resulting in decreased employee morale. While employees may work hard to earn raises and promotions, there is no guarantee advancement or rewards will be given immediately. There must be incentives built into the bureaucracy to reward a worker who can complete a task in two hours with the same quality it takes someone to complete the task in the expected eight hours. If no incentive exists, you have a worker twiddling their thumbs for six hours and nothing that management can do about it.

4. LESS AUTONOMY FOR EMPLOYEES

Lastly, there is less freedom to act within a bureaucratic structure. Rules and laws abound, making people accountable and responsible to a governing body. Actions are dictated by those rules and laws. Consequently, there is less freedom and individuals who don't follow the rules may face consequences or penalties.

II Horizontal organizational structure

Horizontal organizational structures, also called flat organizational structures, outline reporting expectations for employees with only a few hierarchical levels. For example, they may include the owner at the top level, managers or leaders in the middle and the remaining employees occupying the same level within the rest of the business. This differs from vertical or matrix organizational structures because there's typically only one layer for middle management rather than several stratified categories.

Horizontal organizational structures typically allow companies to focus on employees and give more control to individual team members. It can also facilitate more direct lines of communication between managers and employees because there isn't an extensive hierarchical reporting structure.

Features

1. **Chain of command.** The horizontal structure involves a short chain of command. Organizations may involve two or three chains of command. It may involve top management and lower management, eliminating mid-level management positions.

2. **The span of control.** Organizations have a wide span of control. Each managerial position controls a broad area or group. Long story short, they supervised many subordinates.

3. **Autonomy**. Managers give subordinates the flexibility to organize and control their areas. As a result, they have the freedom and independence to carry out their roles and responsibilities.

4. **Delegation**. Top managers empower employees to contribute to decision-making. Thus, lower managers have the authority to make business decisions with little or no involvement from above.
5. **Teamwork and collaboration.** This structure can motivate employees by encouraging them to ~~collaborate and work together~~ constructively by reducing supervision. And collaborative work teams have become a method for supervising employees.
6. **Bureaucracy**. The horizontal structure is less bureaucratic, where the organization has few managerial layers and places less emphasis on rigid adherence to rules and procedures.

Benefits of horizontal organizational structures

1. Increased employee satisfaction
One potential benefit of the horizontal organizational structure is giving employees more control over their roles. At its center, this organizational method is employee-focused and can therefore give employees more autonomy within a business. Removing traditional definitions of roles and their associated status can offer employees more freedom. Without adhering to strict hierarchical titles, the boundaries between positions can be more fluid. This can help team members to expand their roles and responsibilities. For example, a marketing employee could explore search engine optimization efforts, design projects or copywriting for a website.

2. Optimized resource use
Another advantage of horizontal organizational structures is their ability to use resources efficiently. There's less compartmentalizing and separation in this type of organizational style. Employees work as part of a single team, rather than within distinctly separated departments. This enables team members to interact and collaborate in many business areas. This can make it easier to share and distribute resources and assets among the team.

For example, if, in a traditional organizational structure, a marketing team needed to purchase photo warehouse software, they may not realize the resource already exists within their company's business development department. With horizontal structures, access to programs and materials can be more accessible because team boundaries disappear and they can interact with one another more frequently.

3. Enhanced flexibility
Horizontal leadership structures can allow more coordination and flexibility between employees because they are all part of the same business group. In a

horizontal structure, teams are often more aware of the business's overarching goals and objectives. This level of connectivity can allow a team to change or pivot their strategies as needed. Since there's less ownership of resources and tasks, it can be easier to reconfigure systems and facilitate important projects.

4. Faster reaction times

In an organization with a horizontal structure, the entire business unit often understands developments as soon as they happen. This allows them to work as a team to dedicate resources quickly and create effective strategies for handling the situation. By combining resources, brainpower and skills, horizontal organizations can sometimes develop faster reaction times that their vertically structured counterparts.

For example, if a new market opened up for a business, employees could dedicate resources to research the target audience and propose a completed marketing strategy to the audience as quickly as possible. Prioritizing opportunities rather than individual department agendas can benefit the overall organization.

5. Increased communication

With fewer management layers, horizontally structured organizations can sometimes help employees communicate their needs and concerns with relevant parties. This organizational style focuses on facilitating teamwork and collaboration. Companies typically try to remove hierarchies to create a more equal and supportive professional environment. For this reason, individual employees can have more direct contact with managers and owners, making it easier for them to share ideas, request resources and present improvements to existing processes.

6. Opportunities for synergy

Perhaps one of the greatest benefits of the horizontal organizational structure is its ability to connect employees, management-level leaders and business owners. Removing the traditional reporting expectations can allow team members to think outside their respective areas and make decisions based on the needs of the entire company. Horizontal structures often force employees to work together and question processes that aren't serving everyone equally.

7. Improved creativity

Along the same lines as improving synergistic opportunity, creative structuring can inspire creative ideas. Companies that incorporate experimental approaches within their structure often encourage employees to rethink traditional modes of thinking in other applications of their work as well. Companies that show employees they're interested in trying a variety of effective strategies rather than only those that they currently use may be more accepting of employees who take risks and strive to rethink standard business practices.

Drawbacks of horizontal organizational structures

While there are many advantages to horizontal structures, it isn't always the best solution for every company. Depending on your size, goals and individual team members, there can be drawbacks to having a lack of hierarchies within a company. Here are some potential disadvantages of a horizontal organizational structure:

1. Reduced productivity

In companies where departments' responsibilities are interdependent, horizontal structures may hinder their productivity. While some organizations benefit from reduced managerial levels, others have them so that their areas can specialize and focus on a specific task. Requiring consensus and collaboration from teams sometimes adds layers to processes that could benefit from a more streamlined approach.

2. Fewer experts or area leaders

Horizontal structures often discourage specialization, which can mean reduced experts in your business. While this can be beneficial for employees who plan to stay with the company long-term, others may feel frustrated by a lack of advancement potential or their ability to translate their contributions into actionable, resume-building qualifications. This means it's important for horizontal organizations to provide employees with opportunities for professional development and growth.

3. Undefined expectations

Reduced management levels give employees greater freedom. Some may enjoy the autonomy; however, some may find it difficult to focus without clearly defined reporting structures. Not all employees make decisions that prioritize the success of the company. Without supervision, the gravity of those decisions can have major effects on the business's reputation, direction and effectiveness.

NETWORK STRUCTURE

Introductory Observations of Networking Organization:

Desire to maintain dominance in the global market requires a flexible organisational structure – to cope with the dynamic changes and challenges of the global economy. Devising of a networking organisation is to result of this desire of the entrepreneurs to be fulfilled in a satisfactory manner.

This type of organisation is much popular in Japan, the U.S.A. and in India also, where Maruti Udyog, Wipro, Larsen and Toubro etc. are making use of a networking structure of organisation.

Definition and Chart of Networking Organization:

Literally, the word networking means a system of trying to meet and talk to other people, who may be useful to one in one's work.

A networking organisation is also called a virtual organisation, in that it is nearly a complete organisation; and any slight difference in the structure of organisation is not important

A networking organisation is one that is created around a central organisation (called the hub organisation) that has relationship and arrangement with some other organisations, to perform functions like designing, manufacturing, marketing etc. for the central organisation, on a contractual basis.
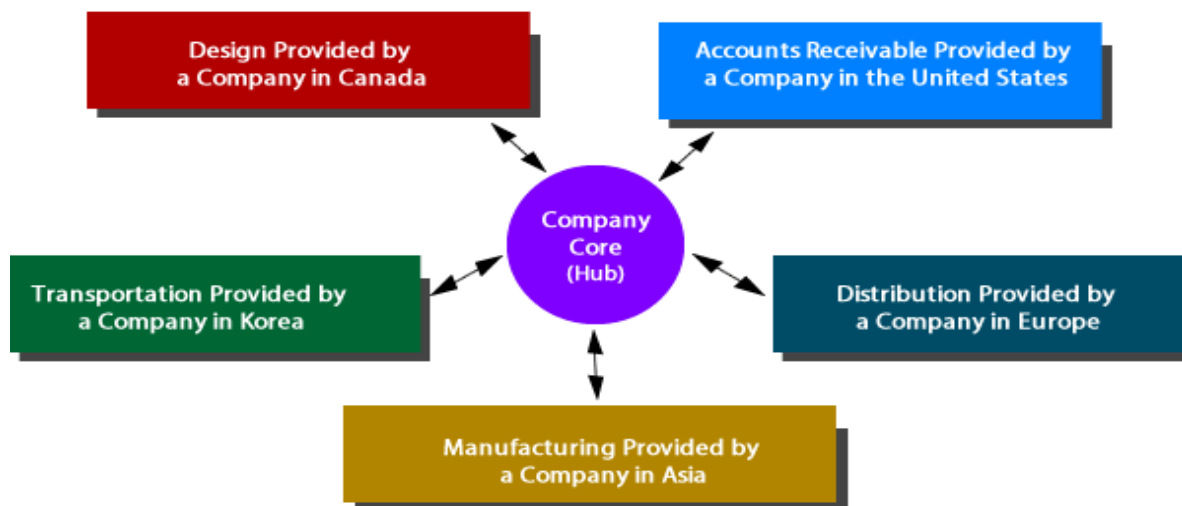
Features of a Networking Organization:

Following is some of the salient features of a networking organisation:

(i) In the central (or hub) organisation of the networking structure, usually there is an absence of horizontal and vertical boundaries within the organisation. There is emphasis on cross hierarchical teams and participative decision making.

(ii) A networking organisation rests on co-operative relationships with suppliers, distributors and many other business partners. Co-operation and co-ordination are the hallmarks of a networking organisation.

Advantages of Networking Organization:
Following are the important advantages of a networking organisation:
1. Motivated functioning in the hub organization:
Because of the absence of vertical and horizontal boundaries within the hub organisation, there are minimum status and rank differentials. Hence people work with a sense of enthusiasm; being motivated by the organisational structural environment.

2. Utilisation of best capabilities:
A networking organisation allows different organisation engaged in performing different tasks for the hub organisation to bring their best capabilities together. Hence, at least in theory, the performance of a networking organisation is at its peak.

3. Less environmental uncertainty:
Management of the hub organisation faces less environmental uncertainty; because it has subcontracted many responsibilities to partners, in the networking structure.

4. Flexibility of structure:
A networking organisation possesses the advantage of flexibility. Depending on environmental conditions, new alliances can be made; and old dropped out. In a way, a networking organisation quickens response to changing environmental scenario; and helps in the best exploitation of opportunities.

5. Boon for small firms:
Small firms, who otherwise face problems of survival, can ensure their survival by being a partner of a networking organisation. A networking organisation is an umbrella protecting the small, who are efficient but cannot face up to the challenges of the environment.

Limitations of Networking Organization:
A networking organisation suffers from the following limitations:
1. Co-ordination – The biggest problem:
Co-ordination among the functioning of business partners is perhaps, the biggest problem for the management of the hub organisation, in the networking structure. In fact, each partner has his own manner of performing without regard to the nature of functioning of related business partners.

2. Problem of reliability:

A networking structure is successful only to the extent that its business partners are reliable. How to ensure reliability of business partners? For this, there is no formula devised so far.

3. Lack of close control:

In a networking organisation, there is usually lack of close control over manufacturing and marketing operations etc. by the management of hub organisation. Hence, there may be poor operational performance in the networking organisation, produced by the networking partners.

Virtual organization

A virtual organization is an operation where all members of the company work in different geographic locations while appearing as a single unit. It uses computers, software, phones and other technology to work together and converse in real-time, despite any physical distance. It's important for virtual organizations to establish detailed procedures that ensure consistency in employee performance and provide employees with the ample resources and support they need to conduct their responsibilities in a remote work environment.

Components of a virtual organization

Each virtual organization is unique, although they often include many of the same components for optimal operations, like a remote workforce and company-specific technology networks. Other components of a virtual organization may include:

- A flat organization structure with less middle management
- Virtual teams
- Loose organizational structure
- Boundaries and expectations
- Power flexibility
- Informal communication

Benefits of a virtual organization

Here are some benefits of virtual organizations:

1. Lower overhead costs

Virtual organizations often have lower overhead costs because they don't need to pay monthly fees for renting office spaces. Companies also save money by not having to pay supplemental fees involved with renting a space, like utilities and maintenance costs. Some organizations also ask employees to use their own equipment, such as personal computers and web cameras, reducing equipment costs.

2. Improved employee satisfaction

Many virtual organizations have higher levels of employee satisfaction, presumably from the increased freedom employees have to work in their own space. Some employees feel less stressed, and the flexibility of working remotely often reduces absences. This helps improve overall company morale and can encourage individuals to present quality work on behalf of their employer.

3. Improved efficiency

Virtual organizations don't have the same distractions as traditional office settings, such as the urge to chat with people surrounding you. With fewer distractions, efficiency may improve, resulting in higher levels of productivity and better-quality work. Employees can establish their own work environment, allowing them to determine what helps them best achieve more work in less time.

4. Larger hiring market

Virtual organizations can hire employees from anywhere in the world. This removes geographic restrictions, expanding the talent pool for hiring and allowing companies to hire individuals with varying backgrounds and perspectives. This allows organizations to find, recruit and hire the best talent without physical locations getting in the way.

5.Flexible hours

Virtual organizations often have flexible hours, with many employers allow employees to determine their own schedules within certain parameters. For example, some companies establish core hours, such as 10 a.m. to 2 p.m. within a specific time zone each day, and allow employees to work whenever they want outside of those hours. This level of flexibility often allows organizations to accommodate a variety of different employees and their lifestyles.

6.Improved employee retention

Many virtual organizations have happy employees. Satisfied employees are often more engaged at work and less likely to leave the company. This is especially true if the organization also offers excellent benefits and competitive salaries besides their virtual organization setup.

7.Access to new markets

Virtual organizations often have access to a wide range of markets. These organizations do not have geographic restrictions, allowing them to work with customers who may have been inaccessible. This is especially appealing for remote sales professionals who can access consumer markets from all corners of the world without physical distance or travel costs getting in the way.

Challenges of a virtual organization

Here are some challenges you may experience while working for a virtual organization, along with tips for overcoming them:

1.Lack of camaraderie

Virtual organizations may experience a lack of camaraderie among teams. Employees work isolated from each other, and they rarely meet face-to-face. There are few opportunities for casual conversations to help build relationships.

You can overcome this by bringing traditional office events and aspects into the virtual setting. Consider hosting video chats for virtual happy hours or trivia contests.

Think about creating instant messaging channels related to specific hobbies, interests or lifestyles, such as channels for parents or people who enjoy reading or playing video games. These channels can help employees make personal connections with each other and increase feelings of camaraderie.

2. Difficulty developing company culture

Virtual organizations may struggle to develop and implement a company culture. There may be a lack of cohesiveness among the team, as flexible schedules can lead to employees feeling disconnected from each other.

Consider establishing certain hours of the week employees need to work without eliminating their freedom and flexibility. Schedule regular meetings to discuss the state of the company and gather feedback from employees. Use technology to emphasize company culture, such as casual instant messaging conversations, to encourage employees to get to know each other better.

3.Increased importance of communication

Working in a virtual organization enhances the importance of good communication. Employees cannot share information in passing like they would in a normal office setting. It may be difficult for employees to meet from varied schedules.

It's important to set clear policies and use a variety of tools to ensure employees actively and effectively communicate with each other. Develop a clear policy for sending and responding to emails and how to record important client information. Consider scheduling daily or weekly check-in calls. Use an instant messaging service, and set up individual channels or threads for specific groups.

4. Potential compliance and security issues

Virtual organizations may present some compliance or security issues. These organizations require employees to transport a lot of data across multiple networks, some of which may involve connections that are not secure. While

this may be a risk for an organization, this may be a higher risk for companies dealing with sensitive information in industries like healthcare and finance. Consider hiring IT or data security professionals to advise you on setting up your virtual organization. They can help you reduce the risk of security issues or compliance violations. They may advise employees on best practices install privacy software or set up secure and private connections, such as virtual private networks (VPNs).

Free Form Organisation

A free form of organisation is purely an adhocratic structure. It has no boundaries. It is flexible, adaptive and is built around special problems to be solved by a group of experts possessing diverse professional skills. These experts have decision making authority and other powers.

A free form of organisation is purely an adhocratic structure. It has no boundaries. It is flexible, adaptive and is built around special problems to be solved by a group of experts possessing diverse professional skills. These experts have decision making authority and other powers. The adhocratic Structure is usually small, with an ill-defined hierarchy) Such a design is suitable for high technology and high growth organizations where an arranged and inflexible structure may be a handicap.

Jack Welch is famous for having using the boundary less structure for making GE more efficient and effective. A boundary less organisation, according to Jack Welch was an open, anti-parochial environment, friendly toward the seeking and sharing of new ideas, regardless of their origin. The purpose of this initiative was to barriers between various departments as well as between domestic and international operations.

The Boundary Less Organisation:

The Boundary less organisation is composed of people who are linked by computers, faxes, computer-aided design systems and video teleconferencing and who may rarely or ever see one another face to face. People come and go as their services are needed, much as in a matrix structure. They are, however, not formal members of an organisation. They are independent functional experts who form an alliance with an organisation, fulfil their contractual obligations and then move on to the next project.

Basic features

1. Radically moulded (go beyond the established structure to meet challenging environment)
2. Experts from various fields
3. Highly result oriented
4. Success is measured in terms of the contribution they make It is suitable only under certain circumstances
5. Useful for organisations faced with uncertain technology, operating under dynamic environment and catering to a new customer.

The free form organisation offers some significant advantages to firms which have a genuine hunger for growth and diversification:

It is highly flexible and dynamic and can be followed in order to suit the unique requirements of each project.

There is very little focus and emphasis on positions, departments and divisions. The focus is on getting the project completed on schedule as per the requirements of the customer.

Authority is not pinned down to specific positions. It is passed on to people who matter most, who can deliver results.

People are expected to slip into roles that are not clearly defined. They need to perform anything and everything, depending on the demands made by a specific problem. Role clarity is missing but, in its place, people are greeted with an exciting opportunity to do things on their own. They need to meet the deadlines, schedules and expectations by doing everything possible) It is a question of converting a pious dream into a concrete reality.

Communication can flow in any direction. The primary focus is on making people realizing the importance of working in teams, maintaining friendly relations. In place of commands and instructions you have people trying to reach out to others wherever they are-through open, transparent and friendly communications.

Assignment Questions

Short Answers Questions
1. Define Organizing.
2. What is Organizing?
3. State any four principles of Organizing.
4. Give the meaning of Authority.
5. What is Centralization of Authority?
6. What is Decentralization of Authority?
7. Give the meaning of Span of Management.
8. What is Delegation of Authority?
9. State the traditional forms of Organization Structures.
10. State the Modern Forms of Organization Structure.

Note:(Meaning of any forms of organization structures can be asked)

Long Answer Questions

1. Explain the Process of Organizing.
2. Explain in brief Principles of Organizing.
3. Explain in detail about Centralization of Authority.
4. Explain in detail about Decentralization of Authority.

Note:(Any form of Organizational structure can be asked)