

Concept of organizational Design and structure

Generally, we find that organizational design facilitates effective functioning, coordination and staff motivation. It is said that organizational structure can be managed and changed through the process of organizational design.

In defining organizational design, it is said, 'as a process by which managers select and manage elements of structure so that an organization can control the activities necessary to achieve its goals'(K. Aswathappa).

Organizational design is actually a formal process of integrating people, information and technology in the organization.

Organizational structure is the formal authority, power and roles in the organization.

Importance of organizational design and structure

Organisational design has important implications to deal with contingencies, achieve a competitive advantage and manage diversity as well as to innovate goods and services. We may have brief discussion on why organisational design is necessary herewith as follows-

- **Gaining competitive advantages:** Organisational design is a source of sustainable competitive advantages through which the ability of the organisation to outperform others.
- **Dealing with contingencies:** It determines how effectively controls various factors in its environment and obtains scarce resources in the event that might occurred and must be planned for.
- **Managing diversity:** The caste, sex, race and national origin of the organisational members have important implications for the value of organisation's effectiveness.

Importance of organizational design and structure

- **Efficiency and innovation:** Organisations exist to produce goods and services that people value and the ability of the organisation to compete successfully with their innovations and prompt introduction to people and market. Organisational design plays vital role to innovation and efficiency .

In order to face the global competitiveness, competition from the countries with low labour cost is pressuring the companies to become more efficient in order to reduce cost and increase quality.

Different types of organisational structure

Organisational structure generally includes four types, such as functional, place, product and multidivisional. These may be discussed as follows-

- (i) **Functional structure:** The organisation is departmentalized on the basis of its functions in order to reach its objectives. The activities of all the departmental functions of an organisations are coordinated and controlled from a top level position for standardizing repetitive tasks and making routine as much as possible. It has both advantage and disadvantage. Such as,
- **Advantage** is that the structure permits division of labour encourages specialisation and it is easily understood by employees.
 - **Disadvantage** is that the structure fosters a limited point of view of narrow set of tasks.

Different types of organizational structure

- (ii) **Place structure:** This is popularly used by multinational companies in order to become responsive to local needs. It is popularly known as the geographic area structure. It permits locating many tasks required to serve a geographic territory under one manager. The advantage and disadvantage of this structure are-
- **Advantage is that employee may begin to emphasize their own geographically based division's goal than organisation goal as a whole.**
 - **Disadvantage is that the structure stems from the duplication of functions and problem of lack of communication among divisions.**
- (iii) **Product structure:** This is considered as the profit centre mostly followed in global enterprise. It assigns worldwide responsibilities for specific products to separate operating divisions within an organisation.

Different types of organisational structure

This structure has number of advantage and disadvantage which may be-

- The advantage of this structure is that it allows each major products line to focus on the specific need of the its customer, in case the company produces large number of diverse products.
- The disadvantage of this structure is that addition of new product lines, diverse customers and technological advances some times increases the complexity and uncertainty of the functional environment.

(iv) Multidivisional structure: This structure helps tasks to be organised by divisions on the basis of products or geographic market where the products or services are sold. The divisional heads primarily look after day by day operations and deciding on strategy issues and communicating with stakeholders and others.

Different types of organizational structure

On the basis of the flow of information, direction, order and instruction, the structure of organization may also, be classified into two types. Centralised and decentralized structure.

1. Centralized Structure: In this type of organizational structure, all decisions, as well as processes, are defined; and handled by the top management. Employees and managers are responsible for the successful implementation of decisions and have to follow them.

2. Decentralized Organization Structure: In such type of organizations, day-to-day tasks and the decision-making processes are delegated to the supervisors at the middle and lower level by the top management for fast and effective decisions and to improve efficiency. By letting the middle and lower level executives jump in the process of decision-making, the top management can focus on other major decisions.

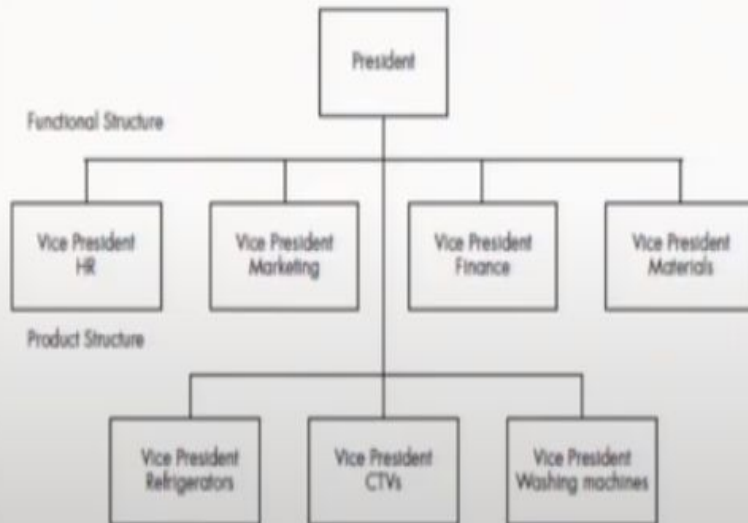
Functional Org. Structure



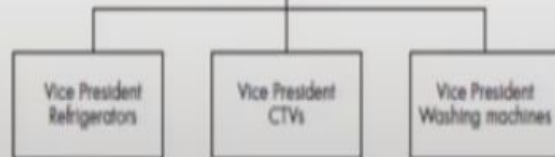
Divisional Org. Structure



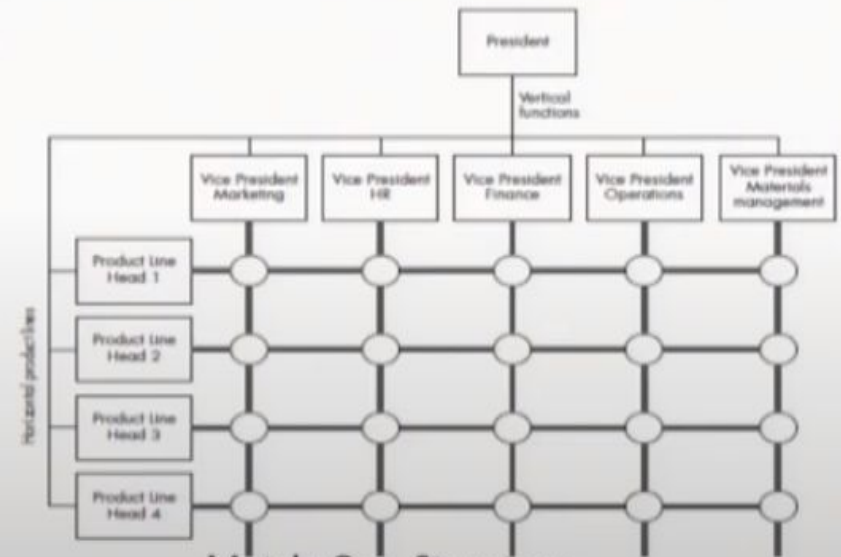
Functional Structure



Product Structure



Hybrid Org. Structure



Matrix Org. Structure

Components of organisational design and structure

1. Chain of command: The authority and power are delegated from top to bottom i.e. in an organization top management gives instructions to the bottom team and all the employees at each level. Further, the accountability of an employee's job flows upward to the management. It gives clarity of the reporting structure in an organization.

2. Span of control : It demonstrates how wide is the area of the direct control of supervisors over their subordinates which is directly related to how many subordinates (in numbers) report to a senior or supervisor; which, in turn, depends on the number of tasks performed at different levels. In case of more tasks, the span of control will be wider.

3. Centralization: Centralization refers to centralizing an organizational system where planning and decision-making authority is allotted either to a single person or the top management. A decentralized organization is the one where planning and decision-making are handed over to middle or low-levels.

4. Specialization: Large organizations divide some of its functions based on the specialized areas and, so, subtasks are defined in different tasks. These subtasks are distributed among individual job roles.

5. Formalization : Formalization refers to the goals and vision of an organization, tasks, hierarchy and relationships, authority and responsibilities, different processes, and work methods.

Concept of Line and staff organisation

Line functions are those that have a direct influence on accomplishing the objectives of an organization.

Staff functions help the line to work effectively to accomplish organizational objectives.

However, in reality, it is difficult to separate direct and supportive functions. In fact, based on the nature of the organization, such categorization of line and staff functions varies.

In a manufacturing organization, production and sales are considered as line functions, and finance, purchase, personnel, maintenance, quality control, etc., are classified as staff functions.

Concept of Line and staff organisation

Line and staff functions are defined on the basis of two viewpoints:

Functional viewpoint and Authority relationships viewpoint.

Allen defined line functions as 'those which have direct responsibility for accomplishing the objectives of the enterprise' and

Staff functions as 'those elements of the organization that help the line to work more effectively in accomplishing the primary objectives of the enterprise'.

Organizational objectives determine the line and staff functions, any change in objectives may result in changes in the line and staff functions.

Comparison between Line and Staff Authority

Line Authority	Staff Authority
A line manager is a generalist	A staff manager is a myopic
A line manager directs others	A staff manager assists others
A line manager delegates authority	A staff manager serves authority
A line manager trains subordinates	A staff manager investigates the problem
A line manager uses sanctions	A staff manager solves special problems
A line manager exerts control over subordinates	A staff manager makes plans

Type of Staff in organisation

There are three main types of staff. They are –

(i) Personal Staff – Here the staff official is attached as a Personal Assistant or adviser to a Line Officer. The function of Personal Staff is to render advice, assistance and services to the line executives, with whom they are attached.

(ii) Specialized Staff – Such staff acts as the fountain-head of expertise in specialized areas like Accounting, Personnel, Public Relations, Research and Development, etc. Generally, a staff department is created for each of these functions and the staff officials or personnel are distributed to various managers beginning with the topmost at the central office down to the operating level.

(iii) General Staff – This category of staff consists of a set of experts in different areas who are located at the Central Office and are meant to advise and assist the top management on matters calling for expertise.

Type of Line organisation

Line organization is generally of two types, which are -

- (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.
- (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.

In terms of shape of the organisation, it refers to the span of control. An organisation may have two structural set up, such as -

- (a) Tall structure:** wherein the span is small or narrow with many hierarchical levels.
- (b) Flat structure:** wherein the span is large or wide with few hierarchical levels.

Importance of line and staff organisation

The importance of this organisation are as follows-

- **In the complex business environment it is essential to have services of various types of specialists. The staff functionaries play a supportive role to line functionaries. In view of these reasons there is a need to develop an organisation structure which combines both line and staff functions. This will create practical and workable arrangement for organisational objectives.**
- **The primary functions are production, marketing and finance. Production initiates a business and marketing gives meaning in end. Finance plays a role of supporting both production and marketing. These are hence called as line functions. It is therefore natural that executives working in these functions carry more importance in an organisation.**

Characteristics of line and staff organisation

A brief explanation on the characteristics of line and staff organisation may be as follows:

1. There are two types of staff like management and subordinates.

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 include
- Line Authority and Staff Authority**

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

Advantages of line and staff organisation

This organization has the following advantages:

- 1. Specialization:** Line and staff organization introduces specialization in a systematic manner. Persons with specialized knowledge are appointed to help line officers. The planning part is generally undertaken by staff personnel and line officers are able to devote much time for execution.
- 2. Better discipline:** The unity of command is maintained in this type of organization. The staff personnel do not interfere with the executive work of line officers. The workers get command from line personnel and are accountable directly to them for their performance. This creates better understanding and discipline among employees.
- 3. Balanced and prompt decisions:** The functional managers have the advantage of expert advice when taking important decisions. The staff can also be used to investigate and advise on inter-departmental relationships. The line officers can take balanced and quick decisions.

4. Growth and expansion: The line and staff organization is quite suitable for growth and expansion. The burden of line staff is eased by the appointment of specialists. Line officers will be able to devote much time for future planning. The present staff will enable the expansion and growth of unit. Some assistants can be appointed to cope with the work if needed.

5. Development of employees: This organization provides scope for advancement of career to able and dedicated employees. There are more openings for those who have capabilities of going up. The separation of functions of 'planning' and 'doing' also helps in creating more and more job opportunities. Promotional chances increase for deserving persons.

6. Lesser burden on line officers: With the appointment of staff officers the burden of line officers is greatly reduced. The specialists help line officers in deciding things regarding their lines of specialization. The line officers are left with routine administrative work.

Disadvantages of line and staff organisation

The disadvantages of line and staff organisations are -

- **Conflict between Line and Staff Personnel:** There is a possibility of conflict between line and staff personnel. The responsibility for operations lies with line officers while staff officers only advise. The staff officers feel ignored at the hands of line officers.
- **Lack of Responsibility:** There is a lack of responsibility for staff officials. They are not accountable for the actual results of operations. This may tempt them to give rash or theoretical advice.
- **More Dependence on Staff:** The line officers become habituated for advice on staff. They refer everything to staff for advice. Over-dependence on staff will make line officers less creative.

Disadvantages of line and staff organisation

- **Lack of co-ordination:** There will be a lack of co-ordination between line and staff. The staff advice may be confused with line orders. The staff officers may also not be clear about their exact role. They may try to dominate the implementation part of their advice.
- **Ineffective staff:** The staff officers do not wield any power in the organization. Without power they will not get prestige in the organization.

Reasons of conflict between line and staff in an organisation

Some of the Reasons of Conflict between the Two are as follows:

1. Line managers have the following complaints against staff:

- (a) Staff officers claim credit for programmes which are successful but do not want to share responsibility for their failure. The blame for unsuccessful tasks is thrust on line managers even though they act on the advice of the staff.**
- (a) Staff officers are more theoretical than practical. They tend to give advice which has not been tested earlier. They emphasize their field of specialization without giving much thought to the overall interest of the company.**

Reasons of conflict between line and staff in an organisation

(c) Staff officers do not remain contented by giving advice only. They try to persuade the line for implementing whatever they have suggested. They trespass their field of activity and enter the area meant for line people.

(d) Though staff officers are well qualified and have good knowledge of their field but try to dominate line officers. They feel themselves superior to line officers. This type of tendency creates conflict and friction between line and staff officials.

Reasons of conflict between line and staff in an organisation

2. Staff personnel have the following complaints:

(a) Line officers sometimes do not make proper use of expert knowledge of the staff. They do not consult staff personnel at the planning level where they can make practical suggestions. Staff people are consulted only as a last resort.

(b) Staff feel that their advice is not properly implemented by the line personnel. Line officers do not consult staff while implementing the advice. When staff officers try to guide line persons in implementing the programmes then they are accused of interference.

Steps of better relationship between line and staff in the organisation

For improving the relationships between the two and to resolve their conflict, the following steps may be taken:

- 1. The limits of authority of both line and staff should be prescribed clearly.**
- 2. Staff authority should be restricted to a purely advisory role.**
- 3. Line officers should give due consideration to staff advice. They should state reasons in case they cannot accept the advice.**
- 4. Line should value the special skills of staff and similarly the staff should try to appreciate the difficulties in implementing new ideas.**
- 5. The advice of staff should be realistic and practicable.**
- 6. Both line and staff should try to understand each other's responsibilities and difficulties and try to co-operate with each other for the achievement of enterprise objectives.**

Difference between Line organisation and line & staff organisation

Basis	Line organisation	Line & staff organisation
Type	It is vertical organization	It is normal departmentation
Function	Authority relies on command	Authority is based on command and advise.
Discipline	It is strict	It is loose
Staff	Line executives are the generalist	Staff executives are specialist
Authority	Centralization of authority	combination of centralisation and decentralisation
Structure	Good for small corporations,	It is best suited for large corporations