Chapter Two
Planning and Organizing

Concept of planning

- Planning is the primary function of management. It focuses on the future course of action. It specifies the objectives to be achieved in the future and select the best course of action to achieve defined objectives. It also involves many activities like analyzing and deciding about technical, personnel, financial and other elements essential to implement predetermined course of action.

- Planning is an intellectual process which in concerned with deciding in advance what is to be done, how it is to be done when it is to be done and who is to do it. Generally, a manager defines goals and takes necessary steps to ensure that these goals can be achieved in an efficient manner. Panning reflects vision, foresight and wisdom. Therefore, it is the blue print of action and operation.

- Panning involves determination of objectives and selecting a best of course of action to achieve defined objectives effectively and efficiently. It enables a manager to achieve great thing by envisioning a pathway from concept to reality. It is essential for every organization to grab opportunities created by the changing environment to sustain business. It is also a must to face probable threats that may arise in the future.

- Features of Planning
- 1. Focus on goal: Planning focuses on achieving defined objectives. It clearly defines a major course of action to achieve goals. The activities of all members of an organization must concentrate on the implementation of plans. Therefore, plan will become worthless if it unable to contribute positive guidelines for the achievement of objectives.
- 2. Primary function: Planning is the initial function of management which plays essential role in coordinating all other functions of management. In real sense, the implementation of all other managerial functions like organizing, staffing, directing and controlling depends upon planning. In other words, planning sets the framework for other functions of management. And, the manager can think of implementing other functions only after determining strategic plans.

- 3. Pervasive activity: Planning is a pervasive activity of all level of managers. It is not an exclusive function of only top-level management. The level of planning depends upon the nature and scope of work. For instance, top level management prepares strategic plans, middle level management prepares departmental plans and first line management prepares day-to-day operational plans.
- 4. Future oriented: Planning is prepared for the future course of action. And its main motive is to meet with uncertain future events. Since it looks forward through forecasting, management anticipates future events and situation through it. Thus, in order to anticipate future course of action accurately, scientific technique of forecasting is used. Planning provides guidelines, suggestions, and develops a framework for future operation.

- 5. Continuous activity: Planning is a continuous process up to the existence of the organization. In other words, it is a never-ending process because of the ever-changing environment of business. When organizational objective is achieved, a new plan is made to achieve future objectives of the organization. Business environment will be changed according to the changing environment. Therefore, plans must be up-to-date to adapt with changing environment of the business.
- 6. Intellectual Work: Planning is mental work. It needs imagination, foresight, intelligence and fair judgment. A manager has to think about the various alternative courses of action and their impact before formulating a plan. He has to select a best course of action to achieve organizational objectives. And only an experienced and intelligent manager can formulate an effective plan.

- 7. Flexible: Plans should be drafted in such a manner that they are adjustable in any circumstances. A plan of today may be difficult to implement in the similar manner in the future. It may be affected by many environmental factors: These environmental factors involve both internal and external. Therefore, there should be a provision of modification and revision of plan on the basis of changing environment

- 8. Efficiency and Economy: Cost benefit is one of the important elements of planning. It aims to increase the working efficiency of the organization by defining the course of action. Only a sound planning can help to achieve the organizational objectives through minimum effort and cost. It clearly defines where we are and how we have to reach the destination. Thus, if each and every function is to be done accurately in accordance with plan, predetermined goals can be achieved efficiently and effectively with minimum cost and effort.

- 9. Actionable: A plan must be actionable. It should not be limited to paper works. Its result can be obtained only after implementation. Plan should be formulated in such a manner that it can be implemented properly. Therefore. over ambitious and impracticable plans must be avoided.

Levels of Planning

- Levels of planning refer to the different stages and scopes at which planning occurs within an organization or project. Each level has its own goals, time frames, and focus areas. Here's an overview of the main levels of planning:

- 1. Strategic Planning

- 2. Tactical Planning
- Scope: Division- or department-wide
- Time Frame: Medium-term (1-3 years)
- Focus: Developing and implementing specific actions to achieve strategic goals

- Purpose: Bridges the gap between strategic and operational planning. Tactical plans focus on the activities and resources needed to achieve portions of the strategic plan. These plans address questions like "How can we achieve our strategic goals?"

- 3. Operational Planning
- Scope: Team or individual tasks
- Time Frame: Short-term (daily, weekly, monthly, up to 1 year)
- Focus: Routine, day-to-day activities and processes
- Purpose: Guides the day-to-day operations needed to meet tactical and strategic goals. Operational plans are highly detailed, focusing on the "who, what, when, and how" of tasks to be completed.

Strategic Planning

- Strategic planning is a comprehensive process that helps organizations define their long-term direction and make decisions on allocating resources to achieve their major goals. It typically involves setting priorities, focusing energy and resources, and ensuring all stakeholders are working toward common objectives.

Key Components of Strategic Planning

- 1. Vision and Mission Statements

- Vision: Defines the future aspirations of the organization. It answers, "Where do we want to be in the future?"

- Mission: Describes the core purpose of the organization and its primary objectives. It answers, "Why do we exist?"

- 2. Core Values
- Core values shape the organization's culture and decision-making. These are the principles or beliefs that guide actions and behaviors within the organization.
- 3. SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)
- This analysis helps assess the organization's internal strengths and weaknesses, as well as external opportunities and threats. It's a foundational step in understanding where the organization stands in its environment.

4. Setting Goals and Objectives

- Goals: Broad, central statements that define what the organization hopes to achieve over the long term.

- Objectives: Specific, measurable steps to reach the goals. Objectives are time-bound and quantifiable, giving a clear path to achieving the overall goals.

- 5. Strategic Initiatives and Action Plans

- Strategic initiatives are high-level projects or programs that will help achieve the goals. Action plans define the specific actions, timelines, responsibilities, and resources required for each initiative.

- 6. Resource Allocation
- Strategic planning requires deciding how to allocate resources such as finances, personnel, and technology. Proper resource allocation ensures that all critical initiatives have the support they need to succeed.
- 7. Performance evaluation and KPIs (Key Performance Indicators)
- KPIs help track progress and evaluate success in meeting strategic goals. Regularly measuring performance against KPIs enables the organization to adjust tactics if needed.

- 8. Evaluation and Adjustment
- Strategic planning is not static; it requires regular review to ensure the organization is on track to meet its goals. This often involves quarterly or annual reviews to assess progress, make adjustments, and respond to changing circumstances.

Benefits of Strategic Planning

- Clear Direction: Helps the organization set a clear direction for the future.
- Informed Decision-Making: Improves decision-making by aligning resources and actions with long-term goals.
- Increased Efficiency: Ensures that resources are used effectively to achieve priorities.
- Enhanced Communication and Collaboration: Promotes understanding and collaboration across the organization.
- Improved Adaptability: Provides a framework for responding to changes in the environment or industry.
- Strategic planning typically spans several years, often with a horizon of 3-5 years or longer. However, in rapidly changing environments, many organizations conduct more frequent strategic planning to stay agile and responsive to new challenges and opportunities.

Tactical Planning

- Tactical planning is a short- to medium-term planning process focused on specific actions and resources needed to implement parts of the organization's broader strategic goals. It typically involves developing a clear, actionable plan to achieve objectives within departments, teams, or business units, often over a timeframe of 1-3 years. Tactical planning helps bridge the gap between strategic and operational planning, providing a focused direction for achieving strategic priorities.

Key Characteristics of Tactical Planning

- 1. Short- to Medium-Term Focus
- Tactical plans usually span a timeframe of one to three years, aiming to make meaningful progress on specific strategic goals within that period.
- 2. Specific and Action-Oriented
- Unlike the broad, vision-oriented approach of strategic planning, tactical plans are very specific. They outline concrete actions, deadlines, and responsibilities needed to achieve the targeted goals.
- 3. Departmental or Functional Focus
- Tactical planning is often done at the department or unit level. Each department's tactical plan aligns with the overall strategic plan .

- 4. Resource Allocation
- Tactical planning involves assessing and allocating the necessary resources (personnel, budget, time, and technology) required for each objective. Proper resource allocation is crucial to the success of tactical plans.
- 5. Performance Indicators and Milestones
- Tactical plans include performance indicators or milestones that help track progress. By setting these short-term markers, managers can assess whether the tactical plan is on track to meet its objectives.
- Components of Tactical Planning
- 1. Setting Departmental Objectives
- Tactical objectives are specific, measurable targets set for each department. These objectives should be aligned with the broader strategic goals but are broken down to be achievable in the short to medium term.

- 2. Developing Action Plans
- Action plans detail the specific steps needed to achieve each objective. They define who is responsible, what needs to be done, when it should be completed, and how it will be accomplished.
- 3. Allocating Resources
- This involves identifying and distributing the necessary resources for each task. Tactical planning requires making practical decisions about budgeting, staffing, and scheduling.
- 4. Establishing Milestones and Deadlines
- Setting milestones within the plan provides benchmarks that guide progress and allow managers to assess if objectives are being met on schedule.

- 5. Risk Management and Contingency Planning
- Tactical plans should account for potential risks or challenges that could impact the plan. Including contingency plans can help mitigate these risks and ensure continuity if unforeseen events occur.
- 6. Coordination and Communication
- Tactical planning relies on effective communication between teams and departments to ensure that actions are aligned and coordinated. Clear communication helps avoid duplication of efforts and streamlines workflows.

Benefits of Tactical Planning

- Clear Direction for Teams: Provides detailed, actionable steps for teams, helping them understand their roles in achieving strategic goals.

- Efficient Use of Resources: By focusing on specific actions and objectives, tactical planning ensures that resources are allocated effectively to meet short- and medium-term goals.

- Flexibility and Adaptability: Tactical plans are more adaptable than strategic plans, allowing departments to make adjustments as needed to meet changing conditions.

- Better Coordination Across Departments: Aligning departmental objectives with the overall strategy ensures all units are working toward the same goals.

Examples of Tactical Planning

- Marketing Department: Developing a year-long social media campaign to increase brand awareness by 20%.

- Sales Team: Implementing a new customer relationship management (CRM) system over the next six months to enhance customer tracking and improve follow-up.

- Operations: Introducing a new quality control process in a manufacturing unit to reduce defect rates by 15% within a year.

Operational Planning

- Operational planning is the process of defining specific, short-term activities and processes that are necessary for carrying out the daily functions of an organization. It focuses on achieving the tactical and strategic objectives by organizing resources, establishing timelines, and assigning responsibilities for day-to-day operations. Operational plans are often highly detailed and provide guidance for routine tasks and immediate needs, typically within a timeframe of one year or less.

Key Characteristics of Operational Planning

- 1. Short-Term Focus
- Operational plans generally cover daily, weekly, monthly, or up to a year-long period, concentrating on immediate needs and activities.
- 2. Highly Detailed and Specific
- Unlike the broad scope of strategic and tactical planning, operational planning is very detailed. It provides specific instructions on tasks, roles, and resources required to meet the tactical goals.
- 3. Focused on Routine Operations
- Operational planning is often focused on repetitive, routine tasks. It ensures that everyday activities align with the overall goals of the organization.

- 4. Team and Individual Level
- Operational plans are often developed at the team or individual level, clarifying roles and responsibilities in granular detail.
- 5. Resource Allocation
- This level of planning ensures that resources like manpower, equipment, and finances are allocated efficiently for daily operations.
- 6. Performance Tracking
- Operational plans often include daily or weekly performance metrics, allowing managers to monitor and adjust tasks as necessary.

Components of Operational Planning

- 1. Defining Short-Term Objectives
- Short-term objectives are specific and measurable targets that align with the tactical goals. They are designed to be achieved within a shorter timeframe, typically aligned with the annual cycle.
- 2. Developing Task Lists
- Task lists break down the work into actionable steps for each team or individual, detailing what needs to be done on a daily or weekly basis.
- 3. Scheduling and Timelines
- Clear schedules define when each task should be completed. Timelines ensure that all actions are sequenced efficiently and are completed on time to meet operational targets.

- 4. Assigning Roles and Responsibilities
- Operational plans specify who is responsible for each task, ensuring that all team members know their roles and expectations.
- 5. Setting Performance Standards and Metrics
- Metrics such as key performance indicators (KPIs) or service-level agreements (SLAs) are established to measure progress and ensure tasks are meeting the set standards.
- 6. Resource Management
- Operational planning involves managing and allocating resources (e.g., labor, equipment, materials) to ensure that day-to-day operations run smoothly.

Benefits of Operational Planning

- Efficient Use of Resources: Operational plans ensure resources are used effectively and efficiently, reducing waste and optimizing productivity.

- Clear Expectations for Team Members: By defining specific tasks and responsibilities, operational planning makes it clear what each team member needs to do, helping to minimize confusion.

- Consistency in Operations: Routine processes are standardized, ensuring that work is performed consistently and in alignment with organizational standards.

- Improved Time Management: With defined schedules and timelines, operational planning helps prioritize tasks and ensures timely completion.

- Quick Problem Resolution: Operational plans often include protocols for handling issues as they arise, enabling quick responses to minor disruptions.

- Examples of Operational Planning

- Human Resources: Developing an onboarding schedule for new hires, including training sessions, equipment setup, and orientation timelines.

- Finance: Creating monthly budget allocations for office supplies, utilities, and operational expenses.

- Customer Service: Setting up a weekly schedule for customer support staff, establishing targets for average call handling time, and assigning team members to shifts.

- Manufacturing: Outlining daily production schedules, assigning tasks to workers, and tracking progress against production quotas.

Step/ process of planning

- For systematic approach to planning, it is essential to complete some procedures or steps in the planning process. Determining objectives and the course of action needed to obtain these objectives is referred to as the planning process. The following are the common steps in planning process.

- 1. Analyze opportunities: This is the pre-step of planning. It is essential to make a successful plan. The management has to analyze the Strengths, Weaknesses, Opportunities and Threats (SWOT) from the changing environment of the business. Strengths and weaknesses are the outcome of internal environment like availability of materials machines, manpower organizational structure, technology adopted etc. In a similar manner, opportunities and threats are the outcome of external environment and affected by many factors like political, economic, socio- cultural and technology. It is essential to make a detailed study of the above factors and should consider it while setting goals.

- 2. Setting goals: This is the first and actual starting point of planning. The objectives must be specific, clear and practical. They should be time-bound and expressed in numerical terms. They should not be idealistic or over ambitious. A minor mistake in setting objectives might affect the implementation of a plan. Therefore, the management has to define the objective clearly by considering organizational resources and opportunities. `After clarification of the broad objective it should be broken down into specific objectives of different departments, branches, sections and individuals.

- 4. Determination of alternatives: Management needs to identify various alternative courses of action for the achievement of organizational objectives. For this, it is essential to identify all the possible alternatives. The information about the alternative may be obtained from primary and secondary sources. The management must develop alternatives through support of experienced and intellectual experts in management. The determination of alternative course of action is the basis of plan formulation.

- 5. Evaluation of alternatives: This is a logical step to evaluate each and every alternative from cost and benefit point of view. Each alternative is studied and evaluated in terms of some common factors such as risk, responsibility, planning premises, resources, technology etc. Therefore, management must apply a broad-based analytical approach for the evaluation of available alternatives. On the basis of requirement, management may apply many techniques of analysis from different disciplines such as mathematics, sociology, psychology economics etc.. The evaluation technique must be scientific and practical so that best course of action can be selected.

- 6. Selecting a best course of action: Management selects the best course of action after evaluating all the alternatives. For this purpose, management has to consider past experience, present situation and future contingencies of such decision. Therefore, it is essential to consider about the various premises and environments of an organization and their impact on future course of action Besides, it needs to forecast about the comparative cost and benefit factors

- 7. Formulation of derivative plans: After selecting the course of action, it is essential to formulate action plans for each department of the organization These action plans involve formulation of policies, rules, schedules and budget to achieve defined objectives. It is difficult to implement basic plan without formulation of derivative plans.

- 8. Implementation of plan: After selection of a course of action and preparation of derivative plans, if not implemented, the plan remains in paper only. This step brings all the procedures of plan into action. For the implementation of a plan, the management needs to take some steps such as to communicate with subordinates who initiate plans into action, provide necessary instruction and guidance, make_ arrangement of all resources like materials, machines, money equipment etc. and make timely supervision and control of subordinates.

- 9. Reviewing the planning process: Planning is s continuous function and lasts till the organization is in existence. For this, it is necessary to know about the actual performance. The manager can take corrective action in proper time only after evaluating the actual performance. A right decision at the right time is necessary to achieve objectives according to plan. It is also essential to adapt with the changing environment of the business.

Importance of planning

- Planning is a primary function of management. It is the continuous process up to the existence of organization. It ensures smooth performance and the best utilization of resources including manpower. It defines a clear line of action so that wastage of resources can be minimized. A good planning is the foundation of an organization and a sign of efficient management. It contributes in bringing smoothness in future course of action. The following are the importance of planning.

- 1. Focus on goal: Every organization is established with a definite objective and all the activities of the organization concentrate to achieve defined objectives. Plan helps to draw the attention of the manager and other employees to the same objectives. It defines a clear line of action and responsibility of all level of management. It also eliminates confusion and haphazard activities. It facilitates in bringing unity in action and coordination among all the units of works. Therefore, good planning is the sign of management by objectives.

- 2. Minimize uncertainty: Planning is a must to minimize future risk and uncertainty. It involves forecasting and anticipating future uncertainty and changes. It is well known that future is uncertain and changeable. So, every organization has to perform its activities within the changing environment of the society. Planning estimates anticipated future changes and makes necessary provisions to overcome such changes.

- 3. Maintain effective control: Planning is the basis of control. It determines the standard of work to be performed. Management provides instruction and guidance to do the work on the basis of a plan. It helps to compare actual performance with that of planned performance. It also helps to identify the deviation between planned and actual performance. Control without planning is not possible.

- 4. Innovation and creativity: As an intellectual exercise, planning encourages innovative thought and creative action among the managers. An effective plan forces managers to think about the best objective and best alternative course of action. This is a must to grow and expand business activities. It contributes in motivating and developing morale among the employees. It is also essential to maintain up-to-date position in business operation and face business complexity. Thus, a sound plan contributes in developing innovative ideas and creative action.

- 5. Organizational effectiveness: Planning helps eliminate wastage and utilize available resources in the best possible way. It leads to maximize productivity and minimized cost of output. Planning is the foundation for the successful completion of organizational activities. It makes all the organizational activities more efficient and effective. Therefore, a sound planning contributes in minimizing cost of production and developing organizational effectiveness.

- 6. Facilitates coordination: Planning is a primary function, which maintains coordination with other functions of management. It clearly defines objectives and strategies to be achieved and brings other functions of management in action. it also plays important role to maintain close relation among all the departments. This is necessary to develop a feeling of team spirit among all the members of the organization.

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- 7. Avoids business failure: The basic motive of planning is to overcome the probability of business failure. The primary task of planning process is to select a best course of action among many alternatives. Besides, it also defines a dear line of action for every member. It helps to maintain unity in action, better coordination among all the members of the organization. It minimizes uncertainty and risk in performance and also wastage of organizational resources. Ultimately, it contributes to maximize productivity and minimize the cost of output.

Tools for planning

- Planning focuses on the future course of action. The future is uncertain and may be affected by many external variables. Therefore, many quantitative tools are used to enhance the efficiency and effectiveness of planning. The use of these quantitative tools helps to minimize future uncertainty in effective implementation of a plan. The following are the common quantitative tools.

- 1. Forecasting: Forecasting is the process of predicting future events that may significantly affect the business of an organization. It is the process of developing assumptions about the future that managers use in planning. It is a technique which helps to recognize future problems and opportunities and implement plan into action. Forecasting consists of sales and revenue forecasting, technological forecasting, resource forecasting, environmental forecasting etc. Different quantitative techniques may be used in forecasting like time series analysis, regression analysis, causal model, econometric models and indicators etc.

- 2. Network Technique: Program Evaluation and Review Technique (PERT) and Critical Path Method (CPM) are popular network techniques used to plan and control the time and cost of the project. Both these techniques were developed by the US Navy engineers during the 1950s to plan and control the Polaris Nuclear Submarine program. The purpose of PERT is to develop a network of activities and their inter-relationships to highlight critical time intervals that affect the overall project. CPM is the longest path in which the project can be completed in the shortest time. The completion of PERT in effective way requires six essential steps (Griffin 2000):
- Identifying the activities to be performed and events that will mark their completion.
- Developing a network showing the relationship among the activities and events.
- Calculating the time needed for each event and time necessary to get from each event to the next.

- Identifying within the network the longest path that leads to completion of the project. This path is called the critical path.

- Refining the network

- Using the network to control the project,

- 3. Flow chart: Flow chart is used to identify the task component and work simplification. It is simply arranging events in order of their desired occurrence. It discourages unnecessary activities and events in the organization. Its motive is to eliminate wasted steps and activities.

- 4. Gantt chart: Gantt chart is an important tool for planning and controlling Henry L Gantt developed it during the early 1900s. Basically this chart focuses on the activities and time required to complete them. This chart is a graphic scheduling technique used in production activities. The graph consists of two dimension one is vertical and another horizontal. Vertical dimension is to be scheduled for activities and horizontal dimension shows the time frame. A horizontal bar is drawn in each activity showing the starting and completing time of the activity.

- Therefore, Gantt chart is a bar graph with time on the horizontal dimension and activity to be scheduled on the vertical dimension. It shows when tasks are to be performed and compares that with the actual progress on each activity.

- 5. Break-even analysis: Break-even analysis is also known as cost-volume profit analysis. It is a widely used resource allocation technique that helps managers to determine the break-even point. The Break-even point is the level of activity in which cost becomes equal to revenue. To compute the break-even point, a manager needs to know the unit price of the product, the variable cost per unit and the total fixed cost. The total cost can be classified as fixed and variable cost.

- Fixed cost remains constant at any level of output whereas variable cost changes with the change in output. The main purpose of break-even analysis is to estimate the volume of output and sales to earn profit. It provides guideline to the managers to take decision for volume of o output to be produced and sold to earn a desired amount of profit. The break-even point can be computed by using the following formula.

- BEP = FC/S-Vc

- Where, BEP is break-even point

- Fc is total fixed cost

- S is selling price per unit

- Vc is variable cost per unit

- 6. Linear programming: Linear programming is a mathematical tool used for optimum combination of scarce resources and activities to achieve objectives. Under this technique, mathematical equations are employed to describe the systems in the form of linear relation between variables, it is appropriate when an objective must be met within a set of constraints. It is extremely useful for maximizing profit and minimizing cost. There are alternative ways of combining resources to produce a number of outputs and therefore there may be linear relationship between variables. These models help determine the future values of certain variables affecting the outcome Linear programming models are used in a variety of situations in which numerous activities compete for limited resources.

- 7. Simulation:
- Simulation techniques are methods used to model and analyze complex systems, allowing us to study their behavior without experimenting on the real system. Simulation represents a model to solve real life problems. Under this technique, related variables and their inter-relationship are put into a system to find out the outcomes. Basically, computer programming is used to find out a set of output with the combination of different variables. The changes in combination of variables are made until an optimum output is obtained.
- Simulation technique is more useful in very complex situations characterized by diverse limitations and opportunities. This technique of planning is used in large organizations that requires resources.

Meaning of organizing

- Organizing is the second function of management. It is the process of combining together all the organizational resources and establishing productive relations among them to achieve the predetermined objectives. The organizational resources involve money, manpower, machines and materials. It is the process of assigning activities among the individuals and defining their authority and responsibility. It also defines formal relationship among individuals so as to perform the work as one or single body for the achievement of common objectives. Therefore, organizing function involves a series of activities consisting of

- Allocation of resources four ms

- Allocating the entire job of the organization to available employees.

- Establishing the suitable organizational structure

- Establishment of different suitable departments

- Determination of authority and responsibility to the staff

- In management, the word organization is popularly used in two senses, as a structure and as a process. These two concepts are explained below.

- Effective organization can provide a number of benefits. First, the process of organizing helps to clarify the specialized tasks and performance expectations for each person. Second, it produces appropriate authority structure with accountability to support planning and control throughout the organization. Third, it creates channels of communication that support decision making and control. Forth, the organizing process establishes a logical flow of work that can be comfortably performed by individuals and work groups. Fifth, it develops a decision of labour that avoids the misuse of resources, conflict and duplication of effort. Sixth, it creates coordinating mechanisms that produce harmony among organizational members in diversified activities. Finally organizing produces focused work efforts that are logically and efficiently related to a common goal.

- From the above analysis it is clear that organization consists of identification and grouping of activities, defining responsibility, delegation of authority, establishing authority responsibility and relationship and coordination interrelated activities.

Principles of organization

- Organization is one of the major functions of management. it is continuous process performed by managers of all levels. The success or failure of the organization depends on sound and efferent organizational structure. Hence there is need to follow certain principles of organization to formulate and develop sound and efficient organization. These principles are as follows.

Unity of objectives/goals

- The goals of the organization influence the organization structure. Hence, the goals and objectives must be clearly defined for the entire organization, for each department and even for each position in the organization structure. If there is contradiction among the various levels of objectives, then entire goals of the organization cannot be achieved. Thus, there must be unity of objectives so that all efforts can be concentrated on the set of goals.

Specialization

- , the total task in an organization should be divided in such a manner that every person is confined to a single job. This leads to the specialization. An individual employee repeatedly performing a specific single job becomes an expert in that job. The work assigned should be according to his abilities and attitudes. Then he can work with greater economy and efficiency. Thus, specialization is necessary to increase the output of the employees.

Span of control,

- Span of control represents a numerical limit of subordinates to be supervised or controlled by a manager. There is a limit to the number of subordinates that can be supervised effectively. However, the exact number of subordinates will vary depending upon the nature of job, competence of the manager, quality of subordinates, etc. the ideal span control cannot be predetermined. if subordinates are kept without considering the span of control, then supervision and control cannot be effective. Narrow span permits more effective and close supervision of subordinates since there are only a limited number of subordinated under the manager. On the other hand, a wide span implies general and flexible supervision of subordinates.

Exception

- Each manager should make all decisions within the limitation of delegated authority. However, exceptionally complex matters should only be referred to the higher levels of their decision. The task of CEO is to assign the task to the entire staff and to mobilize them properly. He or she should be busy in the strategic and other long term plans. All the daily and routine works should be performed by the subordinates. But in some exceptional case the manger has to take responsibility.

Chain of command,

- It is unbroken line of authority from the top level to the bottom of an organization. This links all the managerial positions from top to bottom; it makes clear about who will work under whom. The chain of command (scalar chain) should be short and clear which makes decision making and communication more effective. Scalar chain means a stepwise chain. The amount of command or authority decreases as one goes down the chain.

Unity of command

The principle of command suggests that an employee should have one and only one boss. Each subordinate should have only one superior whose command he has to obey. This principle is based on the fact that an employee cannot effectively serve two managers. Directions from several superiors may result in confusion, reason of conflict and indiscipline.

Delegation of authority

Proper authority should be delegated at all levels of management. Without adequate delegation effective performance is not possible. The authority delegated should be equal to responsibility so as to enable each manager to accomplish the task assigned to him.

Responsibility

According to this principle, the responsibility of all employees should be made clear. The superior should not be allowed to avoid respo0nsibility by delegating authority to his subordinates. It means the superiors should be held responsible for the acts of his subordinates. The responsibility cannot be delegated under any circumstances.

Efficiency,

- the efficiency of an enterprise is measured through the ability of achieving the predetermined goal at minimum cost. The organization structure should enable accomplishment of organizational goals efficiently. Hence, it should ensure optimum utilization of all resources.

Simplicity,

- the organizational structure should be simple with minimum numbers of levels so that each member can understand his duties and authority relationship. An organization with few levels is a simple organization. A large number of levels in organization mean difficulty of communication and coordination.

Flexibility,

- the organization structure should be adaptable to changing environment and needs of the organization. For this, organization structure should be flexible. It should permit expansion and replacement without dislocation and disruption of the basic design.

Balance

- , the principle of balance should be followed while designing the structure of the organization. There should be a reasonable balance in the size of various departments and between centralization and decentralization. Overemphasis of any type should be avoided. Balanced structure brings efficiency and economy to the operation of the organization

Importance of organization

- Organization is structured process in which individuals interact to accomplish predetermined enterprise goals. It is the foundation stone upon which the whole structure of management is built. A sound organization facilitates administration, promotes specialization, encourages growth and stimulates creativity. The importance and need of the organization can be discussed as bellow.

- efficient administration
- A sound organization is necessary for efficient administration and management. Organization is an important and the only tool to achieve enterprise goals. A sound organization helps the management in many ways. It defines various activities and their authority relationships in the organizational structure. It can avoid confusion and delays as well as duplication of work and overlapping of effort. Organization is the mechanism by which management directs controls and coordinates the various activities in the enterprise.

- optimum use of human resources
- Sound organization ensures that every individual is placed on the job for which he is best suited. Such matching of jobs and individuals helps in better use of human talent. it also provides the benefits of specialization, which results in economy of operations and reduction in costs.

- growth and diversification

- A sound organization is based on scientific principles. It contributes to the growth and diversification of the enterprise through decentralization. Through organization, management can multiply its strength and undertake more activities. That is why many small firms have growth and become big.

optimum use of new technology

- A sound organization is flexible. It has the capacity of absorbing changes in the environment. New and improved means of doing work can be introduced easily. Hence, it provided opportunity for optimum use of technological improvement.

- Coordination and communication: Organization is an important means of creating coordination and communication among different departments of the enterprise. Different jobs and positions are welded together by structural relationship. It specifies the clear relationships among positions and helps to ensure coordination among them. It also specifies the channels of communication among different members of the enterprise.

- training and development
- A sound organizing provides a good opportunity for the development of managerial ability though proper delegation of authority and decentralization. It provides responsibility, sufficient freedom to the supervision and creative thinking in different levels. By this practice, managers are trained, developed and tested for assuming greater responsibilities in the future.

- productivity and job satisfaction
- A sound organization is based on democratic and participate management. This provides all members of the enterprise with fixed positions. Hence, the entire organizational environment is favorable for productivity and job satisfaction.

Avoids overlapping and duplication

- Organizing helps to avoid overlap and duplication of efforts. In the process of arranging, work is divided into many departments, sections, and individuals. Therefore, the sound organizational structure leads to an economical, efficient and effective functioning of the enterprise.

Process of Organizing

- One of the most important functions of a manager is organizing the work of all of his employees. Organizing is one of the most important functions of management.

- First, let us understand the concept of organizing. Organizing essentially consists of establishing a division of labor. The managers divide the work among individuals and group of individuals. And then they coordinate the activities of such individuals and groups to extract the best outcome.

- Organizing also involves delegating responsibility to the employees along with the authority to successfully accomplish these tasks and responsibilities. One major aspect of organizing is delegating the correct amounts of responsibilities and authority.

- Now, as one of the most important functions of management, organizing follows a particular process. The following are the steps in the process of organizing,

- 1] Identifying the Work

- The obvious first step in the process of organizing is to identify the work that has to be done by the organization. This is the ground level from which we will begin. So the manager needs to identify the work and the tasks to be done to achieve the goals of the organization.

- Identification of the work helps avoid miscommunication, overlapping of responsibilities and wastage of time and effort.

- 2] Grouping of Work

- For the sake of a smooth flow of work and smooth functioning of the organization, similar tasks and activities should be grouped together. Hence we create departments within the company and divisions within each department. Such an organization makes the functioning of the company way more systematic.

- Depending on the size of the organization and the volume of work, an organization can have several department and divisions. And every department has a manager representing them at the top-level of the management.

- 3] Establish Hierarchy
- The next step in the process of organizing is to establish the reporting relationships for all the individual employees of the company. So a manager establishes the vertical and horizontal relationships of the company.
- This enables the evaluation and control over the performances of all the employees in a timely manner. So if rectifications need to be made, they can be made immediately.

- 4] Delegation of Authority

- Authority is basically the right an individual has to act according to his wishes and extract obedience from the others. So when a manager is assigned certain duties and responsibilities, he must also be delegated authority to carry out such duties effectively.

- If we only assign the duties, but no authority he will not be able to perform the tasks and activities that are necessary. So we must always assign authority and clearly specify the boundaries of the duties and the authority which has been delegated.

- 5] Coordination
- Finally, the manager must ensure that all activities carried out by various employees and groups are well coordinated. Otherwise, it may lead to conflicts between employees, duplication of work and wastage of time and efforts. He must ensure all the departments are carrying out their specialized tasks and there is harmony in these activities. The ultimate aim is to ensure that the goal of the organization is fulfilled.

Organizational structure

- Organizational structure 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 and efficiently in accomplishing objectives.
- It is a frame work of duties and responsibilities though which an organization functions.
- It is a blue print of how management likes to perform the various functions.
- It is a chat showing the relationship between various positions of the enterprise.
- The main purpose of creating organization structure is to allocate authority and responsibility among the staff.
- It defines the relationship between various position departments, and person.
- Organization structure constitutes a formal structure with definite authority and clear responsibility. It has to be first designed for determining the channel of communicating and flow of authority and responsibility. A hierarchy of positions has to be built up with clearly defined authority and responsibility.

Type of organizational structure

- Organization structure differs from organization to organizations. Considering the internal and external environment, the enterprise selects the proper organization structure.

- The adoption of a particular type of organizational structure largely depends upon the nature, scale and size of the business. The three important types or form of organization structure are given below

- Traditional Types of Organizational Structure

Line organization

- It is a simplest and oldest type of organization. It is also known as military organization because it is developed in the army. Line organization is characterized by direct lines of authority flowing from top to the bottom levels of the organizational hierarchy and lines of responsibility flowing in an opposite but equally direct manner. It creates superior subordinate relationship from top to bottom. It also provides the channels of communication and accountability. In the line organization each superior is independent and takes decision in his own area of work. Each subordinate is directly responsible to his superior for work performance. Every individual is responsible to one executive only.

- Line organizations are the organizations that have only direct and vertical relationship between different levels. In this structure, the line of authority flows vertically downward from top to bottom throughout the organization. Every person in the organization is the direct chain of command as shown as in figure.

A specimen of simple org...


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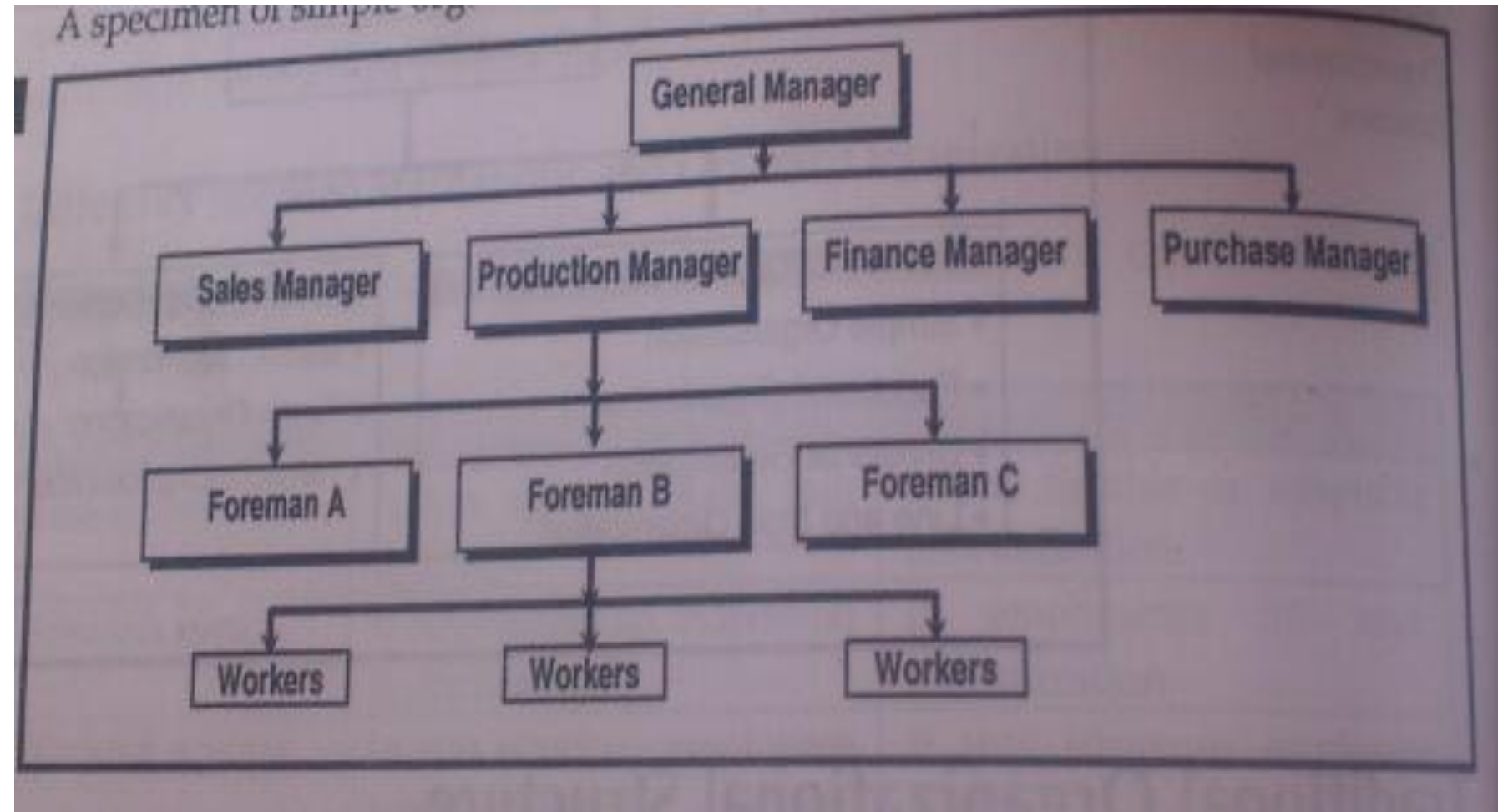
- **Features**
- Flow of authority, in a line structure authority flows vertically downward from top to bottom.
- Unity of command, an employee receives orders and instructions form only one manager
- Scalar chain, there is an unbroken scalar chain between superior and subordinates throughout the organization. Scalar chain means line of command
- No provision for staff expert, line authority is decision-making authority. No level of management is equipped experts.
- Communication, all communication takes place strictly in accordance with organizational hierarchy.

- **Important**
- Simplicity, well defined authority and responsibility
- Quick decision
- Unified control, no confusion and conflict
- Less expensive,
- Flexibility

- **Demerits**
- Autocratic
- Lack of specialization
- Overloading chief is over loaded, too many job have to be performed
- Scope of nepotism, one man is the main person, favouritism
- One way communication
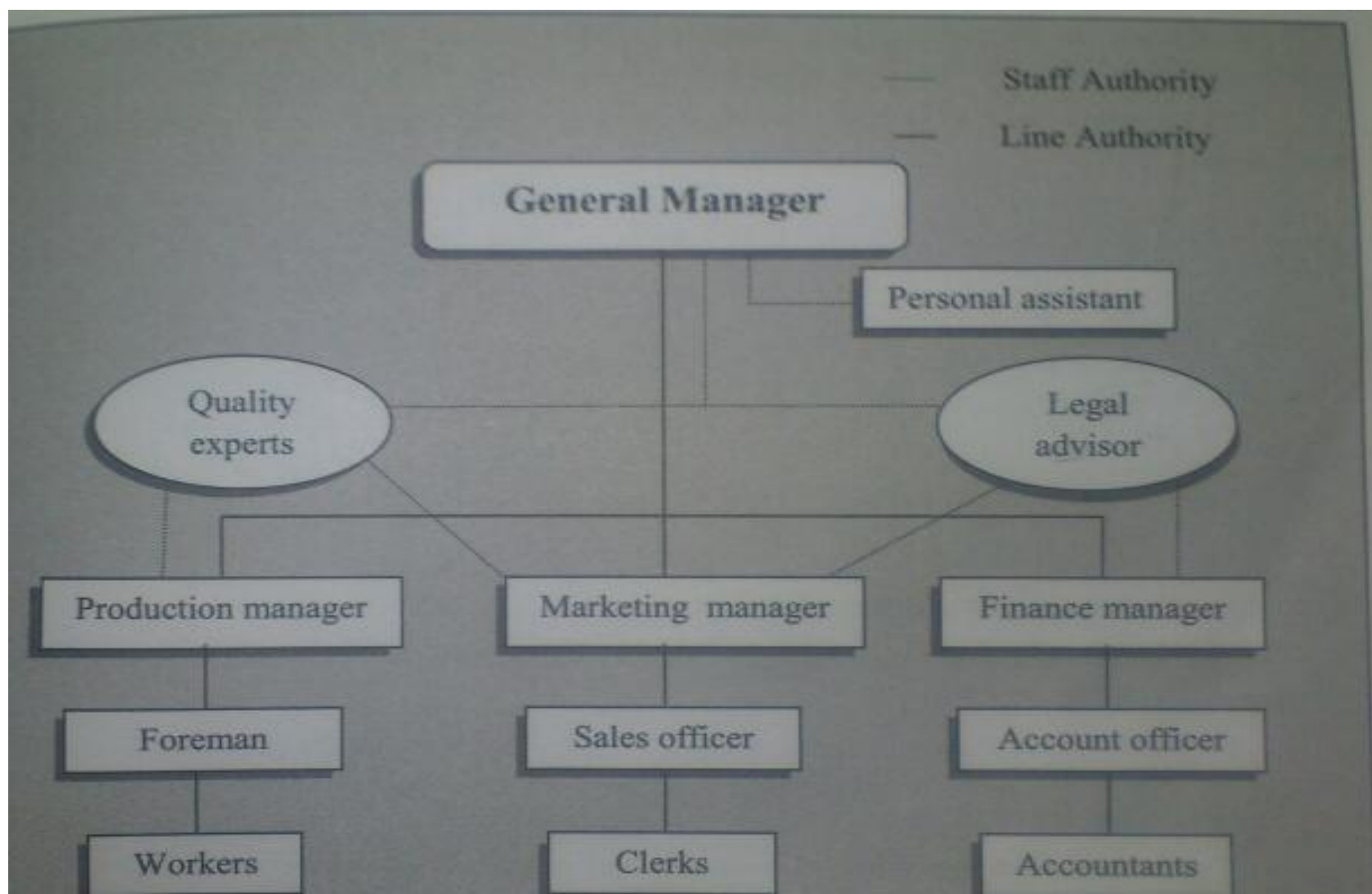- No participation from lower level staff in decision making process.

Line and staff organization structure

- As the size and activities of business organizations grew, it was realized that a few executives cannot perform all the functions themselves and they needed assistance from the specialists in different areas. As a result, the line and staff type of organization structure was evolved. In line and staff structure, there are two types of authority ie line authority and staff authority.

- Line authority has a direct vertical relationship with the subordinates as in the line structure. Staff authority consists of specialists who are responsible for advising and assisting line managers. They advise but do not command any authority over the line managers and subordinates. Thus, the staff is usually advisory in nature and has only the power to recommend not to make and implement the decisions. The staff collects and analyses information, generate and evaluates the alternative solutions and provides suggestion to line managers who make decisions.

Features of line and staff structure

- Two types of authority: in line and staff organization, there are two types of authority, i.e. line authority and staff authority
- Scalar chain: the principle of scalar chain is observed by line personnel in a line and staff organization.
- Flow of authority: line authority exercises direct supervision over subordinates and subordinates have direct responsibility towards accomplishing the objectives of the organization.
- Role of staff members: staff members are the specialists who are primarily concerned with investigating, conducting research, assisting and advising line managers.
- A line manager is assigned with command authority. He is responsible for maintaining disciple and stability. Line managers make all decisions and also implement them. Staff members only offer assistance and specialized advices to the line manger. However, line managers have no binding to accept their advices.

Staff Authority

Line Authority

General Manager

Personal assistant

Quality experts

Legal advisor

Production manager

Marketing manager

Finance manager

Foreman

Sales officer

Account officer

Workers

Clerks

Accountants

- As depicted in the above figure, a line and staff organization, there are two types of authority ie line authority and staff authority. General Manager Production manager marketing manager and finance manager are the line authorities who command their subordinates. Quality experts and legal advisors are the staff authority who provides advice to the line mangers ie general manager, production manager, marketing manager and finance manager.

Advantages of line and staff organization

- The line and staff organization has the following advantages.
- Focus on specialization: line managers receive the benefit of specialized knowledge of staff speciali9sts at various levels.
- Relief to line managers: it relieves the line officers of routine specialized functions. Staff members collect and analyse the relevant information and provide them to line officers. Line officers will be able to take a decision properly and effectively.
- Sound decision: as exports are consulted before making any decisions by line managers, it provides a base for sound managerial decisions.
- Career development: line managers improve their ability and performances with expert assistance. This increases the opportunity for them to get higher positions.
- Discipline and stability: it helps maintaining discipline and stability in organization.

Demerits of line and staff organization

- The line and staff organization, however, has some demerits. The main demerits are as follows.
- Conflict: there is generally a conflict between the line managers and staff executives. Line managers feel that staff specialists do not always give right type of advice and staff specialists generally complain that their advice is not properly considered.
- Confusion: the allocation of authority and responsibility between the line and staff executives may not be very clearly made which may result in confusion and may hamper coordination.
- Expensive: since two types of authority should be managed in a line and staff organization, it is more expensive than line organization.
- Loss of initiative: line managers excessively depend on staff advice for decision making. The original ideas, actions and initiative of the line managers may be gradually reduced.
- Negligence: staff members lack practical knowledge. They also are not accountable for the result. Thus they may not be performing their duties well as expected.

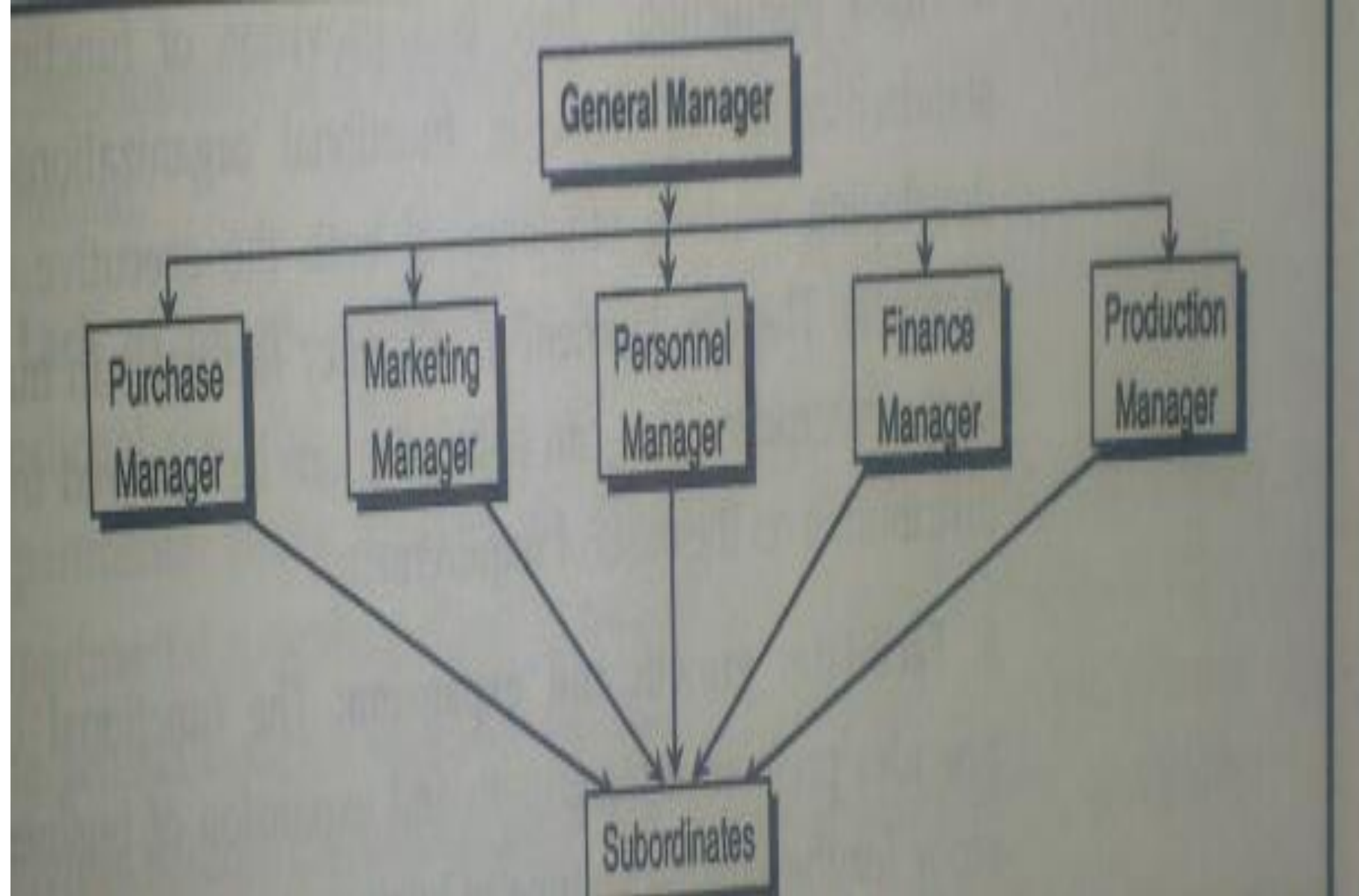# Differences between line organization and line and staff organization

Basis	Line organization	Line and staff organization
Nature	Line structure is a very simple form of organization	Line and staff structure is more complex
Type of authority	There is only one type of authority ie line authority	There are two types of authority ie line authority and staff authority
Command authority	All executives command authority over their subordinates.	Only line managers command authority. The function of staff members is purely advisory.
Specialization	No or very little specialization. All work is performed by the line manager	Line managers are assisted by staff managers who provide specialized knowledge in relevant matters.
Decision-making	Decision making is quick but not matured	Decisions are delayed but matured.
Scope of conflict	No chances of any conflict because there is only one supreme authority.	High risk of conflict between line authority and staff authority.
Economy	It is less expensive	It is more expensive
Suitability	It is suitable for small organization where the work involved is simple, of routine nature and mechanical.	It is suitable for medium and large organizations where the work is complex and requires specialized knowledge.

Functional organization

- Functional organizational structure was originally developed by FW Taylor who recommended the appointment of specialist at important positions. He combined the term functional foremanship to provide for specialized skills at the supervisory level. Functional structure is based on work specialization.

- In functional organization, all the activities of the enterprise are grouped together according to certain functions. Each function is put under the charge of functional manager who is expert in h is own field. Thus, the manager in charge of a function supervises and controls the employees involved in that function in all departments. This means if an employee performs several functions, he will be under the direct charge of several managers at various times.

- Under functional organization, staff executives' ie functional authorities have authority over the line personnel to issue order in their own manes in designated areas to the subordinates and such orders are binding on them. It is a modification of line and staff Organization, where staff executives do not process such command authority and work only in an advisory capacity. Functional organization violates the principle of the unit of command since an employee is accountable to a large number of superiors.

General Manager

Purchase Manager — Marketing Manager — Personnel Manager — Finance Manager — Production Manager

Subordinates

- As shown in the figure, the functional structure permits the manager in charge to issue orders and instructions within limited authority. Senior assistant regularly receives instructions from his line authority ie marketing manager and he also receives instruction from functional authority ie production and finance managers when required.

Features of functional organization

- Services of specialists, those activities of the enterprise which are of crucial importance and require the services of specialists are assigned to staff executives. Thus, in a functional organization, the services of specialists are utilized.

- Command authority to staff, staff executives have command authority, ie authority to make and enforce their decisions, but within the scope of clearly defined or limited authority.

- More than one superior, employees have to receive orders and instructions from more than one superior and they are accountable to more than one superior for the same job. There is a violation of fundamental principle of unity of command.

- Wider span of management, functional managers assist and to some extent share the responsibility of line managers, which enhances the effective span of management. They together supervise a large number of subordinates.

Different between line organization and functional organization

Basis	Line organization	Functional organization
Specialization	Specialization is not possible because line managers are general managers and not specialists.	Benefits of specialization are available. There is division and assignment of activities on the basis of functional specialization.
Authority	Authority is centralized. There is a single head who commands the ultimate authority.	Authority is decentralized among line and staff executives.
Responsibility	Responsibility is clear and absolute. Each employee is accountable ot one superior only.	Authority is decentralized among line and staff executives.
Unity of command	Principle of unity of command is strictly followed.	There is violation of principle of unity of command.
Burden of work	Line managers are over burdened with work. They have to perform both planning and implementation	Both function are separated, planning function is assigned to staff managers and implementation functions to line manager
Type	It is of two types, pure line an department line	Only one type
disciple	It is also known as military organization because very strict control is maintained.	Not very strict control is maintained in functional organization.
Economy	It is economical because all functions are performed by line managers	It is more expensive due to the provision of experts in various functional areal
Suitability	It is suitable for small organizations where the task	It is suitable for large organizations where the task

Difference between line and staff organization and functional organization

Basis	Line and staff organisation	Functional organization
Unity of command	Principle of unity of command is followed	Principle of unity of command is not followed
Command authority	Staff managers have advisory role to play. They do not possess any command authority over line managers and subordinates.	Staff managers have command or functional authority. They can issue orders to the employees.
Line of authority	Lines of authority are vertical as well as horizontal	Lines of authority become diagonal.
Responsibility for result	Staff managers' ae not responsible for the result. Ultimate responsibility lies with line managers.	Staff executives share the responsibility for performance but within the scope of designated areas.
Accountability of employees	Employees are accountable to one superior only	There is divided responsibility. Employees are accountable to more than one superior.
Economy	It is moderately expensive	It is expensive to operate.
Suitability	It is suitable for medium and large organization	It is mainly suitable for large organization.

- F.W Taylor, the father of scientific management, initiated the concept of a functional organization under the scheme of functional foremanship. Functional organization structure is very much based on the philosophy of functional foremanship scheme. However, in practice, functional organization concept is limited only to the top level management and not implemented in the subordinate level.

- In functional organization, all business activities of an enterprise are divided into a number of functions and each function is entrusted to a specialist. Each specialist, to whom a function is entrusted, is known as functional specialist and authority delegated to each specialist is known a s functional authority. For instance, business activates of an enterprise might be divided into various functions like production, marketing, finance, personnel, research and development; purchasing etc. in a similar manner, a particular function is entrusted to a functional specialist like the production function to the production manager, personnel function to the personnel manager, and so on.

- One of the main features of functional organization is that a functional manager can exercise functional authority not only over his own subordinates but also over all subordinates in all other functional department of the enterprise. For instance, the marketing manager has functional authority over all subordinates of the enterprise when marketing matters are dealt with. The functional organization structure can be presented as follows:

Advantages of functional organization

- Benefits of specialization
- The functional organization structure provides the benefit of functional specialization. Every manager is expert in his own field of knowledge. The expertise of every manager is beneficial to all the members as well as to the enterprise. Functional specialization leads to many advantages like best managerial decision, minimizing cost of operation and increasing efficiency and productivity of the enterprise.
- Increases efficiency
- Each department of the enterprise is under the supervision of a functional specialist. The top level management makes decisions by taking suggestions, advice and guidance from functional specialist. It helps in taking the right decisions. This leads to an increase in the working efficiency of both the mangers and the subordinates. This process automatically facilitates maximization of productivity within minimum costs.

- Healthy competition among experts
- A functional organization structure gives importance to functional specialization. Here, the management makes the recruitment, selection, appointment and placement of the managers on the basis of their specialization. Besides, functional organization encourages healthily competition among functional experts. In the present day of competitive business environment, every manager wants to demonstrate a better performance. Obviously, this spirit of healthily competition brings out efficient executives.
- Relief to executives
- In a functional organization, work is divided on the basis of functional specialization. Under this structure, managers are not overburdened with maximum workload as in the case of line organization. Here, every manager has to work in one line of activity where he has functional specialization. This contributes to develop working efficiency of an enterprise.

- Mass production
- There is a provision of functional specialization and standardization in work in functional organizations. This contributes to developing working efficiency of both the executive and subordinate level members. The development of efficiency facilitates in maximizing productivity of the enterprise. Thus, an enterprise can be involved in mass production and distribution on the basis of requirement.
- Facilitates growth and expansion:
- The functional organization structure scopes for the existing volume of business to grow and also for the expansion f various lines of business. Each and every executive is an expert in this own sector. The executives can handle their business in an effective manner in accordance with requirements.

- Suitable for present environment
- The functional organization structure is suitable for the management of large scale business enterprises in present day environment. The development of production volume, expansion of markets, customers, government regulating etc create new and challenging environment in business activities. The completion of business operation under such environment requires the services of various areas. The functional organization fulfills such type of requirements for successful operation of business.

Disadvantages of functional organization

- Multiple command system
- The lack of unity of command is the major limitation of functional organization structure. The subordinates are always in confusion to obey orders because they receive more than one order at a time. They may be a possibility of division of loyalty of subordinates among many functional managers. Besides, there is more difficulty in fixing the responsibility of jobs. Here, both functional specialists and subordinates do not want to take full responsibility of works because of the violation of the principle of unity of command.

- Lack of coordination:
- Every department of the enterprise is given to a functional specialist. The department heads are independent to perform their departmental works. There is no provision of formal relationship among departmental specialists. There is lack of mutual understanding among them. The general manager may face serious problems in coordinating departmental activities because of the static and narrow vision of departmental specialists.

- High administrative cost
- The functional organization needs more administrative cost. In such case of an organization, many functional specialists are appointed in various departments. The functional experts are to be paid more remuneration. So, it is impossible to minimize cost and maintain higher efficiency in operation. Thus, this structure is not suitable for small and medium scale enterprises having limits resources.
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- Delay in decision making
- Quick decision and prompt implementation are present day needs of a business organization. However, in functional organization, there is no possibility of quick decisions. It is essential to take suggestions and guidance from expert before taking a decision. Thus, the management has to invest more time to come into a concrete decision. The delay in decision making, some situations, may become the reason for business loss.

- Spoils human relations
- In functional structure, it is more difficult to maintain the relationship between the superiors and the subordinates which spoils human relationship in the enterprise. Due to lack of unity of command, a subordinate has to work under many executives. In many situations he receives conflicting instructions from executives which may divide his loyalty. Therefore, it is difficult to maintain a discipline in a functional structure.

- Narrow outlook of specialists
- The narrow vision of departmental specialists creates problems in functional organizations to achieve overall objectives of the enterprise. The departmental specialists are more concerned about efficient functioning of their respective functional areas. They do not want to maintain mutual relations with co workers of the functional areas. In a similar manner, they do not cooperate with each other in solving organizational problems. Such way, the chief executive has to face many problems while maintaining coordination among all the functional areas of the enterprise.

- Shifting responsibility
- Fixing a definite responsibility for the functional specialist or a subordinate is difficult in this type of organization. There is lack of work to others. For instance, a functional specialist may shift his responsibility to subordinates and in the similar manner subordinates may shift their responsibility to functional specialists. Such an environment creates problem in achieving defined objectives.

Modern organizational Structure

Matrix organization structure

- Matrix organization structure is a special type of problem-solving form of an organization. Generally, matrix organization is formed to complete various types of project of specific and unique nature. This is also known as project management structure. It requires diverse technical and administrative experts to adjust efficiently with the dynamic and rapidly changing environment of the business.

- In matrix organizational structure, a major project is assigned to the project manager and he is given a team of specialists from different disciplines. The team members may be finance, marketing etc. this team provides support to the general manager to complete the project in a given time frame. In general sense, matrix organization is a combination and interaction of functional and project managers.

- Especially, matrix structure integrates the efforts of the functional and project authority. The authority of the functional manager flows vertically down from the superior to the subordinates. The project authority flows horizontally crossing vertical line. In this structure, each subordinate works under two superiors: first one is the project manager and the other one is the functional manager. As such, this structure does not follow the principle of unity of command and scalar chain. This organization is more democratic, human and participates and it maintains collaboration

- The project manager is responsible for the overall direction and integration of activities and resource of the concerned project. Generally, their responsibility is to integrate the efforts of all functional managers, planning and implementing the project policies, accomplishing work on schedule and within the predetermined budget. The functional managers look after the operational side of the project. Their responsibility is to provide technical guidance and skilled functional staff and to complete the project within the standard technical specifications.

Advantages of matrix organization

- Better coordination and control
- The main responsibility of the project manager is to maintain coordination among interrelated factors of a particular project. He has to communicate both with the horizontal and vertical authorities so that the project work can be run smoothly. Similarly, functional managers are responsible for providing technical and administrative guidance to projects. This leads to a better and more effective control over regular operation.

- Adaptable to dynamic environment
- This structure is adaptable to the frequent changing and uncertain environment of the business world. These project managers have functional independency and they can get quick feedback with information related with projects. Thus, decisions can be made in time, which contributes to reducing the adverse effects of any sudden change in the environment.

- Maximum use of resource
- In matrix structures, many projects are handled at a time. As such, there is more possibility of maximum use of available resources including manpower. The specialization staff and experts of a completed project can be used in other projects. It minimizes extra cost of hiring new personnel. Similarly, surplus material, plant, equipment and other resources of a completed project can be transferred to another project. Thus, available resources can be used with the organization and the wastage of resources can be minimized.

- Participated management
- Matrix structure emphasizes on participative management. Here, people are working together on a project as a team. High level management provides motivational atmosphere within the organization. It takes suggestions, information and ideas from functional and project experts before taking the commitment of members to complete the given work within the defined time and standards.

- Sufficient time to top management
- This structure encourages delegation of authority to project managers. They are responsible for regular operation of the project. They have the authority to take decisions related to the day to day operation of projects. This provides sufficient time to the top management to make strategic planning and policies rather than operational activities. The initiation and creativity of the top level management are necessary for future development of organizational activities.

- Excellence in inter disciplinary specialization
- Since specialists and experts are involved in many inter disciplinary areas, there is possibility of quality performance and output. Similarly, specialists from any inter disciplinary area interact with each other to get better opportunity to expand technical excellences into many inter disciplinary areas and also in many activities. Again, this contributes in developing the overall working efficiency of the organization.

- Development of teamwork
- Here, many members, both from the project and functional areas, involve in achieving common objective. They interact with project and fictional managers play the role of coordinators among them. This working environment develops a feeling of team sprit among the members. This contributes to develop the overall working efficiency of the organization.
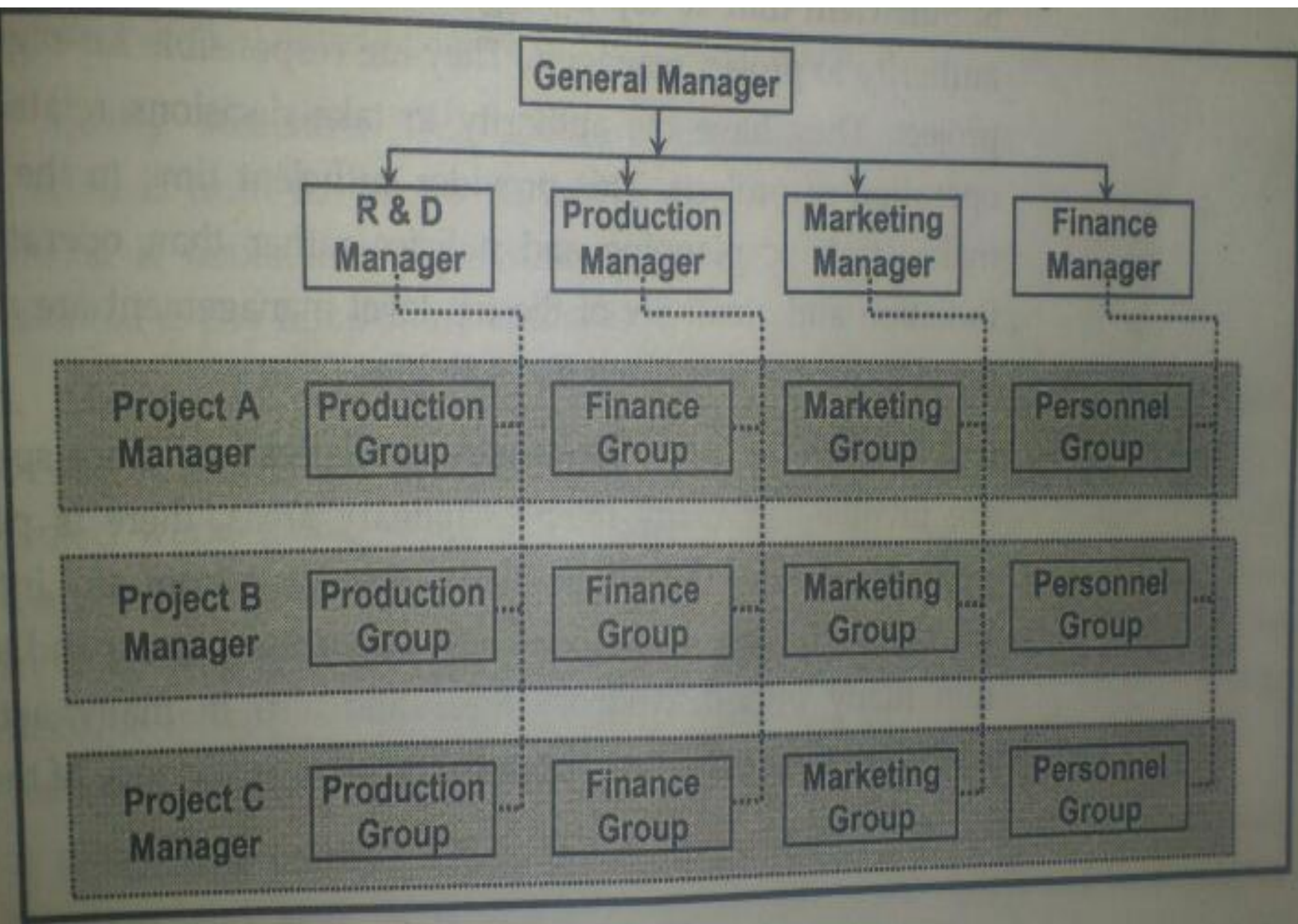
- **Disadvantages of matrix organization**
- Violation of unity of command
- In matrix organizational structures, subordinates have to follow instructions from more than one superior. Generally, they receive orders from functional managers as well as from project managers. In some cases, subordinates may receive instructions from both the superiors at a time, which confuses the subordinates. To avoid this problem, frequent and comprehensive communication among project and functional managers is necessary.

- Costly
- This structure maximizes administrative cost. Here, specialists from the project as well as functional authorities involve in project works. It maximizes paperwork and other information costs. Besides, it is essential to pay lump sum remuneration to functional and project specialists.

- Problem of over specialization
- In some situations, matrix organization creates a problem of over specialization. Specialists from both functional and project works gather to solve many complex problems of the organization. As many experts gather to solve problems, in some cases, they waste valuable time in discussing unrelated subject matters. Thus, there is a possibility of delay in decision making. In one way, it maximizes the cost of the organization, and in the other it delays decisions resulting in losses in the business.

- Difficult to balance
- Matrix structure demands a high level of interpersonal relations and skill. It is essential to involve both functional and project specialists. Besides, it is essential to maintain a balance among these authorities to bring about uniformity in the organizational p[performance. In practical field, it is more difficult to maintain a balance among these authorities, especially if they have no positive attitude towards each other. Thus the top level management has to invest more time to maintain mutual relation among these authorities.

- Feeling of insecurity
- A feeling of insecurity among the employees is one of the limitations of matrix structure. In many cases, a project runs only for a fixed duration. After completion of the defined works, there is more probability of the dissolution of the project. In such a situation, the problem of unemployment may arise if another project is not available to the organization.

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Project A Manager	Production Group	Finance Group	Marketing Group	Personnel Group
Project B Manager	Production Group	Finance Group	Marketing Group	Personnel Group
Project C Manager	Production Group	Finance Group	Marketing Group	Personnel Group

Network organizational structure

- Businesses can boom using many types of organizational structures, but when a company has many divisional components in different geographic locations, a network organizational structure offers several unique benefits.

- A network organizational structure is one in which organizations group certain types of employees together based around a common specialization. These employees then form partnerships with other specialists from throughout the organization to take on new projects and work toward a common goal. For instance, a company may have a product development team and a marketing team, each operating as different divisions. However, when new projects arise, members of those teams can pair up to tackle projects together.

- Compared with other businesses, networked organizations do not have a hierarchical organizational chart Instead, networked organizations tend to feature clusters made up of different departments, business units, or local offices, and these clusters work together.

- A network organizational structure is a modern, flexible structure where organizations rely on a series of interconnected nodes or independent entities to achieve their objectives. In this structure, an organization focuses on its core activities while forming partnerships with external companies, freelancers, or subcontractors to handle other functions. This creates a network of collaborators that work together to deliver products or services.

- Key Features of Network Organizational Structure:

- 1. Core Focus: The main organization focuses on its core competencies (e.g., product development, branding) and outsources other activities (like logistics, manufacturing, or IT) to specialized external partners.

- 2. Decentralization: Network structures are typically decentralized, meaning there isn't a strict, top-down hierarchy. This allows each partner or node in the network to operate with a high degree of autonomy and flexibility.

- 3. Collaboration and Coordination: Effective communication and collaboration tools are essential in a network structure, ensuring continuous interactions among different partners. These connections are often virtual and rely heavily on technology.

- 4. Flexibility : Since functions are distributed among various entities, the organization can quickly adapt to market changes by adding or removing partners or reallocating tasks based on shifting demands.

- 5. Cost Efficiency: By using external resources instead of maintaining every function in-house, organizations can often reduce costs and manage resources more efficiently.

- 6. Global Reach: A network structure often includes partners from around the world, making it easier for the organization to expand its market reach and tap into global talent.

- Advantages of Network Organizational Structure:

- Greater Flexibility: Can scale up or down quickly, adapting to changing business needs.

- Cost Savings: By outsourcing certain tasks, companies can reduce costs related to staffing, infrastructure, and other operational aspects.

- Specialization: Partners are typically experts in their fields, allowing the organization to benefit from their specialized skills and expertise.

- Disadvantages of Network Organizational Structure:

- Complex Coordination: Managing and coordinating multiple external partners can be challenging, requiring robust communication and collaboration tools.

- Dependence on External Partners: The organization relies heavily on external partners, which could lead to risks if these partners do not meet performance standards.

- Security Risks: Sharing information with multiple external parties increases the risk of data breaches or information leaks.

- Examples of Network Organizational Structure:

- Technology Companies: Many tech companies, like Apple, design products in-house but rely on a network of global suppliers and manufacturers for production.

- Fashion Industry: Fashion brands may outsource design, manufacturing, marketing, and distribution to different partners around the world.

- Logistics and Distribution: Some companies focus on core products while working with third-party logistics providers for warehousing, transportation, and delivery.

- A network organizational structure allows businesses to be more dynamic and responsive in today's global market, benefiting from a flexible ecosystem of specialized partners.

Hybrid organizational structure

- A hybrid organizational structure combines elements from different organizational structures to create a more flexible and adaptable framework. Typically, it merges aspects of functional, divisional, and matrix structures, allowing an organization to power the strengths of each while mitigating potential drawbacks.

- Key Characteristics of Hybrid Organizational Structure:

- 1. Flexibility and Adaptability: By blending various structures, organizations can adapt to different business needs and strategies, making it easier to respond to changing market conditions or project requirements.

- 2. Dual Reporting Relationships: In many hybrid structures, employees may report to both functional managers (e.g., marketing, finance) and project or product managers, particularly in projects that require cross-departmental collaboration.

- 3. Cross-functional Teams: Hybrid structures often use cross-functional teams, where members from different departments work together on specific projects or tasks, creating synergies and promoting knowledge sharing.

- 4. Balance of Centralization and Decentralization: This structure allows some decisions to be centralized (at headquarters or within specific functions), while others can be decentralized to divisions or project teams, allowing both oversight and local autonomy.

- 5. Resource Efficiency: The hybrid model provides flexibility in resource allocation, enabling departments to share resources effectively based on current needs or project priorities.

Advantages of a Hybrid Organizational Structure:

- Enhanced Flexibility: The structure can be adapted easily to the company's goals, projects, or markets, which is useful for rapidly changing industries.

- Improved Communication and Collaboration: Cross-functional teams and dual reporting relationships encourage collaboration, information sharing, and faster problem-solving.

- Focus on Core Competencies and Markets: Allows each business unit or division to focus on its core functions or markets, leading to greater specialization and efficiency.

- Disadvantages of a Hybrid Organizational Structure:

- Complexity in Reporting: Dual or multiple reporting lines can lead to confusion, conflicts, or ambiguity over roles and responsibilities.

- Coordination Challenges: Coordinating between functional and divisional units or across different teams may require strong leadership and effective communication systems.

- Risk of Power Struggles: Multiple lines of authority may lead to power struggles between functional and project managers or among divisions.

- Examples of Hybrid Organizational Structure:

- Multinational Corporations (MNCs): Companies like IBM, Procter & Gamble, and Unilever use hybrid structures to manage their complex operations by combining geographic, functional, and product-based divisions.

Emerging planning organizing issues for Information and Communication Technology (ICT)

- Enterprises reflect the fast-paced changes in technology, evolving customer needs, and increasing regulatory demands. Here are some of the critical planning and organizing issues that ICT enterprises are facing today:

- 1. Rapid Technological Advancements:

- Challenge: ICT enterprises must keep up with rapid developments in AI, machine learning, blockchain, and quantum computing. Failure to adopt new technologies can lead to a loss of competitive advantage.

 Companies need to invest in R&D, upskill employees continuously, and be flexible in adopting and integrating new technologies into their services and products.

- 2. Cybersecurity and Data Privacy:

- Challenge: As cyber threats become more sophisticated, ensuring data security and privacy has become critical, especially with the rise of remote work and cloud services.

- Enterprises need to allocate significant resources to cybersecurity measures, invest in secure infrastructure, and comply with data privacy regulations like GDPR and CCPA.

- 3. Sustainability and Environmental Impact:

- Challenge: With increasing concerns about environmental sustainability, ICT companies are under pressure to reduce their carbon footprint, manage electronic waste, and improve energy efficiency.

- Sustainable planning requires companies to invest in eco-friendly data centers, adopt greener supply chain practices, and use renewable energy sources to power their operations.

- 4. Regulatory Compliance and Governance:
- Challenge: The ICT sector is highly regulated, with new laws emerging around digital privacy, data storage, and online content. Companies need to comply with local and international laws, which can vary significantly.
- Planning Implication: Enterprises must build regulatory compliance into their planning, including dedicated teams to monitor changing laws and ensure data governance standards across different regions.
- 5. Talent Acquisition and Skill Shortage:
- Challenge: There is a high demand for skilled professionals in ICT fields, especially in emerging areas like AI, cybersecurity, and data science. Finding and retaining talent is becoming increasingly difficult.
- Planning Implication: ICT enterprises must develop comprehensive talent acquisition strategies, invest in training programs to upskill their workforce, and create attractive work environments to retain top talent.

- 7. Shift to Cloud and Edge Computing:
- Edge computing is a networking technology that allows devices to process data and perform actions in real time by bringing computing capabilities closer to the devices that produce the data.
- Challenge: The growing shift to cloud-based and edge computing systems is changing how ICT enterprises offer their services, impacting their infrastructure and service delivery models.
- Planning Implication: ICT companies must plan to expand cloud and edge capabilities, adopt hybrid infrastructures, and enhance data storage and processing close to the point of need.
- 8. Increased Focus on Customer Experience (CX):
- Challenge: Customers expect seamless, personalized experiences, and ICT enterprises must design services that meet these expectations in a digital-first environment.
- Planning Implication: Enterprises should plan for a customer-centric approach, invest in UX/UI improvements, and integrate AI-driven insights to continuously enhance CX.
- 9. Innovation and Product Development:
- Challenge: With shorter product life cycles and high demand for innovation, ICT companies must be alert to keep pace with competitors and technological trends.
- Planning Implication: advance methodologies, modular design can help companies remain innovative and quickly respond to market changes or customer feedback.

- 10. Ethical and Responsible AI Use:
- Challenge: As AI applications become more prevalent, concerns around ethics, bias, and transparency in AI are rising, impacting trust in ICT enterprises.
- Planning Implication: Companies should incorporate responsible AI practices into their planning, emphasizing transparency, fairness, and accountability in AI solutions.
- 11. Globalization and Localization Challenges:
- Challenge: Expanding into global markets requires localization of services, compliance with local regulations, and understanding regional customer preferences.
- Planning Implication: Planning for global operations should include local market research, cultural adaptation, and regional partnerships to meet specific geographic needs.
- These planning and organizing issues require ICT enterprises to be proactive, adaptive, and innovative in their approach, balancing technological advancement with customer expectations, regulatory demands, and sustainability considerations.

- Emerging organizing issues for ICT enterprises stem from the need to adapt to rapid technological shifts, evolving customer demands, and a dynamic regulatory landscape. These challenges impact how ICT companies structure their teams, allocate resources, and manage operations. Here are some of the key organizing issues facing ICT enterprises:

- 1. Flexible and Agile Organizational Structures:

- Issue: ICT enterprises are under pressure to innovate quickly and respond to market changes. Traditional hierarchical structures can slow down decision-making and limit flexibility.

- Organizing Implication: Many ICT companies are adopting agile or flat organizational structures that enable faster communication, cross-functional collaboration, and quicker response times to customer needs.

- 2. Managing Remote and Hybrid Teams:

- Issue: The shift to remote and hybrid work models has changed how ICT companies manage their workforce. Distributed teams can face challenges in collaboration, productivity, and employee engagement.

- Organizing Implication: ICT enterprises need new organizational strategies, such as virtual communication tools, remote team-building initiatives, and flexible policies to ensure cohesion and productivity across remote and in-office teams.

- 3. Cross-Functional Collaboration:

- Issue: ICT projects often require input from various functions (e.g., software development, design, cybersecurity, marketing), making cross-functional collaboration crucial.

- Organizing Implication: Companies are increasingly using matrix structures, project-based teams, and cross-functional squads to promote collaboration and innovation across different skill sets and functions.

- 4. Resource Allocation for Rapid Innovation:
- Issue: With shorter technology life cycles and continuous innovation demands, companies need to allocate resources efficiently to prioritize high-impact projects.
- Organizing Implication: ICT enterprises need dynamic resource allocation systems, such as project management offices (PMOs), to ensure resources are allocated flexibly to meet evolving priorities and support R&D.
- 5. Scaling Infrastructure and IT Systems:
- Issue: As ICT companies grow, they often need to scale their IT infrastructure, including cloud systems, data centers, and cybersecurity measures, which can create logistical challenges.
- Organizing Implication: Companies are restructuring IT departments to focus on scalability, creating specialized teams for cloud, cybersecurity, and DevOps to ensure systems and services can scale smoothly.
- 6. Talent Acquisition and Skill Gaps:
- Issue: The demand for skilled ICT professionals (e.g., data scientists, cybersecurity experts, AI engineers) often exceeds supply, leading to skill shortages and high competition for talent.
- Organizing Implication: To address this, companies are creating talent-focused organizational functions, such as dedicated teams for training, upskilling, and partnerships with educational institutions, to close skill gaps internally.

- 7. Balancing Decentralization with Centralized Control:
- Issue: Many ICT enterprises operate across multiple regions or divisions, which can create challenges in balancing local autonomy with centralized governance.
- Organizing Implication: Organizations are creating hybrid structures, where certain functions (e.g., legal, finance) remain centralized while operational flexibility is provided at regional levels to accommodate local needs.
- 8. Data Governance and Compliance:
- Issue: With rising data protection regulations worldwide (like GDPR and CCPA), ICT companies must ensure that data is handled securely and compliant with all relevant laws.
- Organizing Implication: Enterprises are forming dedicated compliance teams or data governance committees to enforce data policies, monitor regulatory changes, and standardize data-handling practices across the organization.

- 9. Strengthening Cybersecurity Posture:
- Issue: The increasing frequency of cyber-attacks demands robust cybersecurity measures across all levels of the organization.
- Organizing Implication: Companies are organizing specialized cybersecurity units within IT or creating cross-departmental security committees to address cyber risks comprehensively, from infrastructure to employee training.
- 10. Enhanced Customer-Centric Organizing:
- Issue: Customer expectations are evolving rapidly, and ICT companies need to organize around customer satisfaction and service delivery.
- Organizing Implication: Some companies are creating dedicated customer experience (CX) departments, focusing on continuous feedback collection and CX-driven innovations, to align products and services closely with customer needs.

- 11. Sustainability and Environmental Responsibility:
- Issue: ICT enterprises face increasing pressure to adopt sustainable practices, from reducing energy consumption in data centers to managing electronic waste responsibly.
- Organizing Implication: Organizations are creating sustainability-focused roles or teams, often within operations or CSR (corporate social responsibility) divisions, to track and report on sustainability goals and implement eco-friendly practices.
- 12. Adopting AI and Automation for Operational Efficiency:
- Issue: AI and automation technologies are transforming routine operations, from customer service chatbots to automated DevOps workflows, creating both opportunities and challenges.

- Organizing Implication: ICT enterprises are setting up AI and automation task forces or dedicated teams within IT or operations to streamline workflows and ensure that automation aligns with overall business goals.

- 13. Global Collaboration and Cultural Integration:

- Issue: Many ICT enterprises operate across multiple countries and regions, making it challenging to align different cultural and operational norms.

- Organizing Implication: Companies are focusing on cultural integration initiatives, such as diversity and inclusion programs, intercultural training, and global leadership development, to foster cohesion and respect across diverse teams.

- 14. Innovation and Intellectual Property Management:
- Issue: Rapid innovation in ICT requires protection of intellectual property (IP), which can be challenging in collaborative environments with third-party partners.
- Organizing Implication: Enterprises are establishing dedicated IP and R&D management teams to oversee patent filings, manage IP risks, and protect proprietary technologies during partnerships or collaborations.
- ICT enterprises are increasingly relying on flexible, decentralized, and cross-functional organizing strategies to stay competitive in a fast-paced, technology-driven market. By addressing these organizing issues, they can streamline operations, enhance agility, and improve resilience against emerging challenges.