**MANAGING HYBRID ORGANISATION: ISSUES AND CHALLENGES**

Dr. RachitaSambyal

 Assistant Professor, UIAMS

 Panjab University, Chandigarh

 **ABSTRACT**

*The world is witnessingtechnology-driven change fueling the need for organizations that are both digital and agile, connecting company operations on the* ***common ground of vision, mission, strategy, values, standards, and regulations.***  *A hybrid*[*organizational structure*](https://www.smartcapitalmind.com/what-is-an-organizational-structure.htm)*is a unique blend of lateral and hierarchical structures of organizationsand ensures flexibility, agility,and adaptabilitywhile retainingultimate responsibility in the hands of the owners and executives.*

1. **INTRODUCTION**

Adaptability and sustainabilityarethe essences of anyorganizational structure operating in a dynamic business environment. The basic functions of any organizational structure are to systematize functioningby identifying tasks to be performed, dividing tasks into small parts & assigning them to persons, creating responsibility & accountability and control, etc. so that the collective working of persons ensures optimum utilization of resourcesin accomplishing organizational objectives. Organisations across the globe have commonly four types of structures- Functional, Divisional, Matrix, and Hybrid. Functional structures rely on specialization in sub-dividing departments. Such structures support specializations & financial control but the cost and efficiency decrease with size. Multiple layers curb collaboration and innovation. In divisional structure activities centered around markets, goods, and services, customer demographics, etc. Simplification of financial structure allowsquick response to market and changing consumer needs.An increase in size may lead to duplication of efforts and hampers communication and collaboration. Matrix structure is a combination of functional and divisional structures wherein vertical functions are combined with horizontal divisions. It promotes flexibility,shared resources, innovation& creativity.Its complex structure makes budgetary demand and resource usage difficult. Hybrid structures are based on the collaborative sharing of data and resources while preserving division-specific specializations. Traditional structures are similar to pyramids where senior management on the top and middle manager and lower-level managers at the end respectively.All decisions flowfrom top to down and accountability from lower to top. These structures are fixed and rigid.Besides these,business organizationsalso use other structures like process, circular, flat, and network.Process structures focus on end-to-end workflows thereby infusing adaptability and flexibility to market conditions. It is adaptable to multiple business needs and improves workflow.Excessive interdependence hampers productivity and efficiency. Circular structures are **similar to rings withtop management inside and**lower-level staff outside the ring. It is self-sustaining through strong centralizedleadership andcommunication.Its arrangement leads toadditional resources and rigorous training for staff. **Flat structuresare based on more than one person on top and large staff at a lower level.** It is flexible but high susceptibility to disagreement and conflict at the top. **Network structures**are practiced by large organizations with multiple divisionsand locations.It collaborates and shares resources within the structure. It is versatile and suitable for multiple work locations. An increase is a size may lead to duplication of activities and confusion.

**II.HYBRID ORGANISATION-A CONCEPTUAL ANALYSIS**

The evolution of organizational structures is related to stages ofdevelopment (Laloux,2014, pp.13–51;2015). Accordingly, he identified structures with different colours as red, amber, orange, green, and teal. The redorganization is headed by a chief who keeps the staff in line. The structure is reactive and short-term oriented.Amber organizations are like pyramids with top-down command and control. Orange organizations are competitive, profit and growth-oriented.Green organizations focus on empowering employees.Teal organizations are self-managed and work for realizing full potential.

Hybridorganizations are interconnected and networked with inside and outside stakeholders.

Borysand Jemison (1989) introduced the concept of `hybrid organizational arrangements’, aligning the concept with strategic alliances, R&D partnerships, joint ventures, and licensing. Based on empirical research, hybrid organizationsare categorized according tothe breadth of purpose, the scale of operation, value creation, and stability mechanisms.Subsequently, [Oliver Williamson](https://en.wikipedia.org/wiki/Oliver_Williamson) (2007) gave the concept of a `hybrid form’ in [transaction cost economics](https://en.wikipedia.org/wiki/Transaction_cost_economics) asa set of organizations such that coordination between those organizations takes place by means of the price mechanism and various other coordination mechanisms simultaneously’. A hybrid organizational structure isa combination of traditional and contemporary structureswhich has value systems, action logics,multiple reporting structures, etc. It also has a few attributes of proprietorships/partnerships anda corporation. Theother characteristic features are:

1. It has important elements of organizational structure- governance, rules of operation, and distribution of work
2. Itcreates a shared vision and facilitates for improved coordination between the projects or teams
3. Employees work on multiple projects and report to multiple bosses
4. Shared ownership by goal incongruence,financing mix, and differentiated forms of economic and social control
5. Value creation through mixing,compromising,legitimizing the demands of multiple stakeholders
6. Managers have the authority to give ordersto subordinates and unite them in teams
7. Managers set standards for performance and measurements

## The top managers supervise financial consolidation, forecasts, and strategy implementation

1. **It simultaneouslypursues**a social or environmental missionalong with a commercial aim
2. **It is**responsive and reactive to avail any future opportunity
3. It can avail advantage of market disruptionsand protect [business continuity](https://planergy.com/blog/what-is-business-continuity-planning/),innovation, and growth.
4. Itleverages technology to maximize effectiveness, productivity,profitability,market share, etc.

A hybrid structure is suitable for large organizations andscattered areas of operation. It canalso be seen inthe public sector, the private sector, and the voluntary sector. Starbucks follows a hybrid organizational structure where it representsa mix of functional structure, geographical structure, and product-based structure. Finance, marketing, and human resources represent functional aspect and geographic divisions include America, Asia-Pacific, Europe, and Africa and HR manager operates atthe micro level and report to his functional headand simultaneously to the geographical head. International Business Machines (IBM) has its headquarters in USA and its internationaldivisions are established in North America, Asia, Europe, etc. Each region is divided into countries reporting to CEO or president at headquarters.

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**III.TRENDS ANDBENEFITS OF HYBRID ORGANISATION STRUCTURE**

Theforces driving organizational change and adaptation of hybrid organizational structure are :

### ****Technology****

Digital revolution has disrupted businesses, industries and consumer behavior. **Digital technology include**software and IT systems have become imperative inthe workplace. Physical technology such as robotics, manufacturing technology, aerospace, etc.impactsthe quality and delivery of goods and services. Biological technologysuch as genetic editing and pharmaceuticals will receive more investment after COVID.These technical innovationswould certainly impact change in the business landscape and its structures.

### ****The COVID-19 pandemic****

The pandemic has significantly impacted changes to the social and economic order of the world.It has changed customer **needs, expectations, and behavior. Digital transformation in the healthcare sector,**disruptions in supply chain management, and the trend towards de-globalization are going to impact organizational structure.

### ****Human dynamics****

Customers’ being the center of any business activity is affected by the business environment. They are demanding socially and environmentally friendly products. Organizations catering to social mission & welfare,positive relations globally & locally, meet technology –mixsuch as [virtual reality](https://www.digital-adoption.com/virtual-conference/?t=21&camp=change-blog) and the Internet of Things (IoT)wouldsurvive.

**Restructuring**

Restructuring is the act ofchange to survive inthe marketplace.This may be induced by changing business environment,entry of new method of production, poor business performance, etc. In such a scenario, the need for proper organizational structure becomes imperative

**Business process redesign**

Top of Form

Technological innovation, quality revolution, globalization,open economies, etc., have questioned the sustainability of any organization.Business process redesign is a complete overhaul of a company's structure andkey business processes to improve [customer service](https://en.wikipedia.org/wiki/Customer_service), increase return on investment, cut [operational costs](https://en.wikipedia.org/wiki/Operational_costs), and improve competitive ability.

[**Culture change**](https://change.walkme.com/relationship-between-organizational-culture-and-change/)

Culture influences top management perception and drive employees towards the organization's values and goals. Culture inspires employeesand drives them towards productivity.Environment-inducedchangeinfluencesworkflow,authority,responsibility,and accountability in an organization.

Advantages of the **h**ybrid **s**tructure are

### Enhanced efficiency

The hybrid structure being combination of several organizational structure, results in efficiency and lower cost. Work is distributed& assign to professionals who have expertise so that output is delivered in time

### Team building

Hybrid organizational structure is based on team performance who are geographically dispersed but have common goals. Such cross - cultural unity has helped many organizations to transform from national entity to global business performer.

### Flexibility

The structure is flexible as the relationships among the top,middle and lower management becomecordial through constant dialog,interaction, and prompt redressal mechanisms. Employees can be engaged at multiple locations to optimize their value.

### Empowerment of employees

The structure empowers the employees who make a decision at the place of work. Such involvement builds confidence among them besides yielding psychological satisfaction.

### Full utilization of resources

Resource allocation is optimally distributed among departments and functional managers.Thus,wastage of resources and time is minimized.

## Professional advancement of employees

## It enables employees to learn new processes and improve their skills. Such an environment gives them chance to grow in their career.

## Secure employee loyalty

## Employees feel that their expertise is acknowledged by the organization and suitably compensated.This increases employees’ loyalty and they tend to remain in the organization for a longer period of time.

**Positive impact**

Hybrid organizations create a positive impact on stakeholders due to their ability to deliver quality offerings at multiple locations, continuous learning, better collaboration & work relationship and cordial work environment.Clear departmentalization, financial strength and large employee strength capable of innovation differentiate organization from others.

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**IV. ISSUES AND CHALLENGES BEFORE HYBRID ORGANISATIONAL STRUCTURE**

A hybrid organization combine various structure to achieve multiple goals and to satisfy diverse stakeholders, the potential for conflict within structure is a challenging issue. The conflict issues in operations are:

1. Duplication in task allocation and monitoring procedures can result in high costs.
2. Increase in size can create complexity in operations and supervision.
3. Directive ambiguity can make it difficult to resolve issues of authority and create interpersonal conflict.
4. In complex and large companies, the workload assigned to employees is high andemployees feel burnout.
5. It creates conflicts in reporting especially when an employee is neededfor multiple projects.
6. Conflict between vertical functions and horizontal product lines breeds inefficiency and an increase in operational cost.
7. The hybrid structure oftenleads to chaotic situations if the roles and responsibilities of managers are not identified and communicated.

The hybrid structureprovides organizations to allocate their task geographically and functionally and at the same time ensure**maximum customer centricity and market proximity.**Keepingincreasing networked and digitally linked operations, middle and lower-level managers need to be equipped withtechnology and soft skills throughtraining and mentoring. With rapid changes in communication, managers need to invest in one-to-onediscussions and teams so that employees do not feel left alone. To control overalloperations,it is necessary to move towards a flatter hierarchy and delegate some work to lower employees.

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