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**Chapter – Organizational Structure and Design**

**1.Introduction to Organizational structure**

An organizational structure is a set of rules that specify how particular tasks are carried out in order to achieve a strategic objective. These activities include roles, rules, and obligations.   
The information flow between divisions inside the company is also determined by the organizational structure. For instance, decisions are made at the top-down level in a centralized structure, while decision-making authority is shared throughout the entire organization in a decentralized structure.

An organizational structure outlines how particular tasks are carried out in order to accomplish a company's goals. The roles and interactions of every employee within an effective organizational structure are made clear. While centralized institutions have a clearly defined chain of command, decentralized systems provide almost every individual a significant degree of personal agency.   
Organizational structures include flatarchy, matrix, divisional, and functional structures.   
Senior executives should think about a number of factors, such as the company's goals, industry, and culture, before deciding which organizational style is best for their business.   
Recognizing an Organization's Structure   
Organizational frameworks are vital to all kinds and sizes of businesses. They create a hierarchy within the company. The responsibilities of each worker and how they fit into the overall system

are specified by an effective system of organization. To put it simply, the organizational structure determines who is responsible for what in order for the business to achieve its goals.  
This organizing gives a company's structure and the most effective way for it to achieve its objectives a visual depiction. Although organizational variables can take many different forms, they are often depicted as a pyramid, with the most powerful individuals at the top and the least powerful individuals at the bottom.  
Without a clear structure in place, certain organizations could struggle to operate. Workers might not know, for instance, to whom they should report. This could cause misunderstandings within the organization over who is in charge of what.

**2. Types of organizational Structure**

Organizations fall into two main groups, which are:   
  
1. Formal organization

2.Informal organization  
  
Formal Organization: A formal organization is one in which roles and responsibilities are distinctly established. The members of the organization are assigned certain jobs and responsibilities as well as authority.   
The official organization follows established guidelines, regulations, timetables, protocols, and initiatives. In a formal organization, the majority of decision-making is based on established policies. The management establishes the formal organizational structure in order to achieve the organization's objectives.

Based on their structural makeup, formal organizations can be classified into a number of categories, which are covered below:

* Line Organization
* Line and Staff Organization
* Functional Organization
* Project Organization
* Matrix Organization

**Line Organization**:The simplest organizational structure is the line organization, which is also the most traditional organizational form. It is also referred to as a departmental, military, or scalar organization. The authority in this kind of organizational structure is clearly defined, flowing vertically from the top to the managerial level, the hierarchy level, the level of subordinates at the bottom, and all the way down to the workers. The line organisation structure clearly delineates the allocation of authority, responsibility, and accountability.   
  
Benefits of a Line Organization   
  
1. Easy to run and with a simple framework   
  
2. Clearly specified instructions and a hierarchy   
  
3. Quick decision-making   
  
4. Fixed responsibilities at every organizational level.   
  
The drawbacks of a line organization   
  
1. It is inflexible.

2. It can easily slide into autocracy.  
  
3. Rather than concentrating on the organization's overall growth, every department will be overburdened with work.  
  
**Line and Staff Organization**: An enhanced form of line organization is called line and staff organization. Functional experts are added to the personnel and line organization. The staff's job is to help the line members accomplish the goal in an efficient manner.  
  
Benefits of Staff and Line Organization  
  
1. Because labor is split, decision-making is easy.  
  
2. Improved communication between staff and line employees.  
  
3. Offers employees the chance to advance.  
  
The drawbacks of staff and line organization  
  
Inappropriate authority distribution can lead to conflict between line and staff employees.  
  
2. Employees offer recommendations to the staff people feel disregarded because decisions are made by line members.  
  
**Functional Organization:** An organization with a functional organization structure arranges its employees' tasks for management and direction according to their areas of expertise. Line members, staff members, and functional members are the three categories of members in a functional organization.  
  
Benefits of a Functional Organization  
  
1. The manager's workload is constrained, which increases the work's accuracy.  
  
2. A rise in product quality as a result of experts' participation.  
  
Functional organization's drawbacks  
  
1. The lack of a direct manager makes it challenging to attain worker coordination.  
  
2. The members' equal roles may lead to conflicts.

**Project Organization:** Designed to oversee initiatives for a limited time, a project organization is a transient type of organizational structure. Specialists from several disciplines are brought together in this type of organization to develop new products.  
  
Benefits of Project Management  
  
1. The presence of numerous experts from various departments improves member coordination.  
  
2. Differentiating each person's roles helps to improve process control.  
  
The Drawbacks of Project Management  
  
1. The project's completion may take longer than expected.  
  
2. It could be challenging for project managers to evaluate the effectiveness of various professionals.

**Matrix Organization:**The newest type of organization that combines functional and project organization is called a matrix organization. In These types of organizations have two lines of authority: the project management division and the functional division, which have a horizontal and vertical flow of authority, respectively.  
  
Benefits of an Organizational Matrix  
  
1. There is better collaboration between the vertical and horizontal functions since the matrix organization combines functional and project management teams.  
  
2. Since everyone will be focusing on a single project, employees are more motivated.  
  
Drawbacks of the Matrix Organization  
  
1. Costs and paperwork will rise as a result of both vertical and horizontal communication.  
  
2. Having several supervisors over the workers causes confusion and makes management harder.  
  
Informal Organization: Organizations without a clearly established chain of command are considered informal organizations.

**3. Designing an Effective organizational structure**

Effective performance in a collaborative setting is a distinguishing feature of prosperous firms. This implies that a certain percentage of your company probably needs to operate under a horizontal organizational structure, where colleagues report to several supervisors and resources are pooled. The matrix looks like this. In addition to helping your company accomplish goals like dismantling current silos and relieving pressure on internal resources , matrix setup can serve as a catalyst for departmental collaboration in pursuit of organizational goals like optimizing customer segment profits and distribution channels and upholding functional excellence.

**The steps of creating effective organizational structure-**

**1.**Verify the alignment of senior leaders. Although they may not be included in your matrix, your senior leadership team does need to lead by example by demonstrating what it means to collaborate with one another. Your senior team must set an example for others to follow by demonstrating how they work together to achieve common goal. Visible joint leadership is essential . After, all how can you expect the rest of the organization to work together productively if your senior leaders can’t even get along?

2. Make sure you define roles precisely and adhere to them- It is more probable that people will perform at the levels you have in mind if you can make their roles, responsibilities , and expectations clear to them. It’s crucial to maintain consistency in a role, therefore resist the need to make drastic changes as soon as problems arise,keep in mind that in order to gain the skills and confidence necessary to function well in a matrix setting, workers require time in their jobs and reporting relationships .

3.Give up imaging the worst trust is essential in a matrix context. Therefore, you must promote the idea of good aim , your culture should encourage respect , positive esteem for others , and sincere concern for each other’s agendas rather than supposing colleagues are attempting to undermine one another . It can be easier said than done to establish this kind of culture. However, it begins at the top, when leaders demonstrate how to collaborate rather than compete with one another to complete tasks.

4. Don’t avoid conflict, expect it. The matrix territory includes disagreements about priorities , how to allocate resources , and how to treat different people. Additionally, your company needs to understand how to handle it ina healthy manner. It’s critical that everyone feels free to voice divergent viewpoints. Ultimately, though individuals must comprehend the decision-making process and their place within it. Stated differently, individuals must understand when a decision is within their purview and when it is not.

5. Recognize the entire successful organizational structure. In the well known scene, Morpheus gives Neo the red pill and clams that if he swallowsit , he will realize “just how deep the rabbit hole goes”. Similar, to this , the matrix format helps increase comprehension and perspective . It’s critical that those utilizing the matrix understand the full scope of everything going on within their organization. when they do, it will be easier for them to put themselves in their co workers shoes and consider situations from their viewpoints. Having a broad perspective also makes it easier for people to decide who should be involved in decision making and with whom they should exchange information. When individuals understand how their community impacts other communities in the system and vice versa, the components function better and produce more than they would have separately.

**4.1Managing and Implementation of Organizational change**

One of the more difficult aspects of change management is managing organizational transformation. Leaders have to get people to understand why the change is necessary, which frequently means going against ingrained habits and viewpoints. When organizations plan change initiatives proactively and involve employees before, during, and after the change process, they have a higher chance of success with their change management strategy. The five strategies for successful change management in businesses are listed below for leaders.   
  
**1. Giving priority to people:** People, the human resource of organization maintains the movement of change and fuel it. When the people involved in the change don't comprehend, believe in, or participate in the change, the endeavor fails. When leaders involve their staff in the change, it becomes easier to implement. Through proactive change management communication, which inspires a desire for change throughout the workforce, leaders achieve this.

**2. Effective communication:** Communication plays an important role in managing the organization in an efficient manner. When the superiors involve their subordinates in the communication, they feel valued. Employees are more likely to welcome change and take part in its implementation when they feel valued. Leaders can also detect obstacles to change before they become issues by using two-way communication. By proactively identifying these obstacles, the business may respond to and resolve the problems that lead to resistance to change. Also, effective communication will help in better implementation of orders.

**3. Active leaders:** By supporting an unambiguous vision, encouraging candid communication, and giving their teams autonomy, active leaders are essential to the management of organizational transformation process. They set an exemplary example by being devoted and flexible at all times. They make sure the change effort stays on course and successfully accomplishes its objectives by giving the required resources and support, keeping an eye on developments, and making appropriate adjustments to tactics.

**4.Make the shift captivating and thrilling:** When firms prioritize intentional, transparent, and consistent communication, employees are better able to comprehend the reasoning behind changes. This focused communication approach gives the background information needed to comprehend the change's what, why, and so what. The most crucial question that people have is answered by effective communication: What does this mean to me and how will it affect my work? Employees are far more inclined to inquire about "How can I help?" when they have a more thorough understanding of the change. It is a strong transition from mindless obedience to genuine involvement and conviction. Strong staff support prevents opposition to change that might hinder the organization's progress.

**5. Utilize a model for change management:** When implementing change, leaders must contend with organizational momentum, human psychology, and company culture. They require the appropriate resources to lead them in order to effect change. By assisting leaders in tying company strategy to action, change management models raise the probability of success.

**4.2 Implementation**

Planning and preparation are the first steps in implementing organizational transformation. A thorough implementation plan that outlines the precise steps, deadlines, and roles for every stage of the change process is crucial. Encouraging all parties involved—from front-line staff to upper management—and making sure that everyone is aware of their responsibilities is equally important. Throughout the business, alignment and commitment are fostered by clear communication about the objectives and advantages of the transformation.  
  
Throughout the transformation process, communication is essential. It entails using a variety of channels, including meetings, emails, and the intranet, to systematically and consistently communicate the change message to all levels of the business. In order to allay worries and increase employee support for the change, it is imperative that open communication channels be established and that concerns be addressed honestly.  
Employees must receive training and development in order to acquire the skills and knowledge needed to properly adjust to change. Offering specialized training courses together with extra support systems like coaching sessions or seminars facilitates people's transition and increases their openness to adopting new work practices.  
  
Ongoing tasks like collecting input and keeping an eye on developments guarantee the change project stays on course. Ongoing assessment makes it possible to see obstacles or difficulties early on and make appropriate changes to the implementation strategy. The implementation of both official and informal feedback methods promotes a culture of responsiveness and involvement by guaranteeing that employee concerns and insights are swiftly acknowledged and handled.  
  
In order to sustain momentum and reinforce positive habits during the transformation process, it is imperative to celebrate victories. Acknowledging successes and the efforts of groups or individuals that spearhead the effective implementation of change in public raises spirits and inspires others to embrace the change.  
  
Integrating new procedures, practices, or ideals into the corporate culture is necessary to maintain change. To guarantee long-lasting influence, policies, practices, and norms must be aligned with the targeted change goals. In order to preserve organizational momentum and commitment, leaders must model the desirable behaviors and consistently emphasize the significance of maintaining the change. This is where leadership support is critical during this phase.  
  
Organizations can successfully manage change by carefully adhering to these stages, which will help them overcome opposition, encourage acceptance, and eventually implement successful organizational transformation.

5**.1 Resistance to change**

Some employees are resistance to change because they are afraid of loosing their jobs and they feel comfortable with the ongoing process of doing various task as well as tey are reluctant to learn new things. Employees who are not confident enough to adapt to changes they become the prominent barriers in adoption of changes in the organization. Fundamentally, employees' apprehension and fear of the unknown are the main causes of resistance. People often worry about how changes will affect their jobs, routines, or job security when they are faced with change. Concerns about possible ineptitude or the necessity for retraining, as well as a sense of losing control or autonomy, can also act as catalysts for resistance.  
Opposition to change is also significantly influenced by organizational culture. Traditions, values, and established standards can breed inertia, which makes it difficult for novel concepts or approaches to become widely accepted. Furthermore, mistrust and a reluctance to participate in new projects might be fostered by prior experiences with poorly handled changes or perceived injustices.

**5.2 Strategies to overcome resistance to change**

One of the baffling task in an organization is how to overcome resistance to change so certain strategies are adopted by organizations to overcome this problem. These strategies are as follows-

1. Workers must comprehend the motivations behind the change initiative. Even if they disagree, it's critical that the public understands the reasoning and the leaders' argument. And before making any changes, this needs to be completed. Leaders should adopt a variety of strategies and hold numerous meetings to ensure that staff members fully get the rationale for the change. This is particularly true if they are aware that there is a dearth of information or if false information is being spread about the topic.
2. To invite all the employees in decision making process for implementation of any change in an organization so they feel valued and they can also give their suggestions as how implementation of changes can be done in their favor s well in the favor of the organization.
3. When someone is resistant out of fear or worry, leaders must spend a little extra time supporting and facilitating. Training on its own is insufficient. Leaders could consider facilitating guided discussion groups as a way to encourage people to express their grievances or anxieties. The transition curve can assist leaders in understanding the type of support required at each step in situations that cause concern.
4. Information must be handled carefully if one intends to persuade people who are resistant to change to modify their opinions. It is the responsibility of leaders to identify personnel who are amenable to change and designate them as "change agents." Leaders must carefully select their agents because it will be their job to persuade other members of the organization to embrace the change. This may entail adding specific staff members or reputable group leaders to the change management team. When all other methods have failed, this strategy is frequently the only one left, which can present a slight ethical conundrum. Inadequate execution can exacerbate resistance and cause further issues if individuals recognize they are being duped.
5. Provide adequate training and resources to equip employees with the skills and knowledge needed to adapt to the change. Addressing competency concerns proactively can alleviate resistance.

In conclusion, while designating "change agents" to persuade resistant individuals can be effective in implementing organizational changes, it also raises ethical considerations. Leaders must ensure transparency and fairness in selecting these agents, as their role is pivotal in influencing others' perspectives. Maintaining open communication and addressing concerns empathetically throughout the change process is crucial to fostering trust and minimizing resistance. Ultimately, the goal should be a balanced approach that respects diverse viewpoints while guiding the organization towards its strategic objectives.

**6.1 Organizational Development**

Organizational development is a planned change in an organization which triggers the success of any company. It involves diagnosing the current state of the organization, planning and implementing interventions to address identified areas of improvement, and evaluating outcomes to foster continuous growth and adaptation. OD typically focuses on enhancing organizational culture, structures, processes, and behaviors to align with strategic goals, improve employee satisfaction and engagement, and achieve sustainable success in a dynamic environment.

The methodical process of organizational development (OD) seeks to raise an organization's performance and efficacy through deliberate interventions. Usually, the procedure entails the following crucial steps:   
  
1. Diagnosis: This first step entails determining the organization's present condition. In order to determine strengths, weaknesses, opportunities, and threats, information is gathered via surveys, interviews, and observations (SWOT analysis). Making a diagnosis lays the groundwork for creating solutions and assists in identifying problem areas.   
  
2. Planning: Organizations create a plan with goals, objectives, and change management techniques based on the diagnosis. Setting specific, attainable goals, determining the resources required, and outlining roles and duties for carrying out the intended interventions are all part of this phase.   
  
3.Intervention: Interventions are targeted projects or activities meant to support organizational growth and transformation. These might vary from From cultural interventions (like leadership development programs) to structural adjustments (like rearrangement). In order to achieve desired results, interventions may also involve process improvements, team-building activities, training, or improved communication.  
  
4. Implementation: Putting the planned activities into action is the process of implementing interventions. Effective project management, stakeholder coordination, and communication are necessary. Organizations keep an eye on implementation, deal with obstacles, and tweak as needed to make sure the interventions work and support the organization's objectives.  
  
5. Evaluation: Evaluation entails determining the interventions' influence and efficacy. To ascertain if the intended changes have been made, organizations compare results to preset standards and benchmarks. Both qualitative and quantitative measurements, such as performance indicators and employee feedback, may be used in evaluations. The evaluation process teaches us lessons that guide future interventions and ongoing development.

6. Sustainment and Institutionalization: The goal of effective organizational development programs is to integrate new ideas into the procedures, systems, and culture of the company. In order to make sure that new customs, behaviors, and practices are embedded and long-lasting, sustainability entails rewarding them. To keep momentum and long-term efficacy, it could be necessary to have leadership commitment, continuous support, and reinforcement of desired results.  
  
Effective leadership, clear communication, and engaged employees are vital components that make organizational development initiatives successful throughout the whole process. In a dynamic business climate, firms can improve their agility, performance, and overall competitiveness by adhering to a methodical strategy and thoroughly addressing each phase.

**7.1 Strategic Management of organizational change**

In today's dynamic corporate world, organizational change is inevitable and necessitates strategic management for effective navigation. To guarantee that change initiatives are in line with the organization's objectives and improve its long-term viability, strategic management of organizational change entails careful planning, carrying out, and assessing the process. The following summarizes the essential components of a strategic organizational change management plan:  
1. Recognizing the Need for Change: It's essential to fully comprehend the reasons for every change endeavor before launching one. This entails figuring out what internal and external factors—like changes in the market, advances in technology, or internal inefficiencies—need adjustment. A clear understanding of the changes' justifications aids in developing a strong argument and winning over stakeholders.  
2. Developing a Modification Plan: A strong change management plan describes the goals, parameters, schedule, and available resources. necessary for the implementation to be successful. It takes into account the competencies, change-readiness, and organizational culture. Depending on the size and urgency of the required change, strategies can range from small tweaks to drastic changes.  
  
3. Involving Stakeholders: Involving and coordinating stakeholders at all organizational levels is essential to effective change management. This entails outlining the change's vision, responding to objections, and include important parties in the decision-making process. Stakeholders who are actively involved are more likely to encourage and favorably impact the change endeavor.  
  
4. Implementing Change: Implementation entails carrying out the change plan in a methodical way. It entails skillfully handling opposition, allocating roles and tasks, and mobilizing resources. In order to minimize disruptions and enable a seamless transition, it is imperative to establish regular channels of communication, training, and support.  
  
5. Monitoring and Adaptation: In order to gauge success, spot obstacles, and assess results, change projects need to be closely watched. This entails gathering input, tracking important performance metrics, and promptly modifying the plan of action as necessary. When it comes to dealing with unforeseen challenges and streamlining the change process, adaptability and responsiveness are essential.  
  
6. Maintaining Change: Maintaining change entails integrating new procedures, systems, or behaviors into the ethos of the company. It necessitates addressing any lingering resistance or complacency, praising triumphs, and reinforcing desirable outcomes. It takes a strong leadership team and continuous support to make sure that changes stick and contribute to the long-term success of the firm.  
  
7. Assessment and Learning: Lastly, assessing the results of change projects offers insightful information for upcoming projects. Businesses should evaluate if their objectives were met and draw lessons from their experiences. learnt, and record industry best practices for further development. Gaining knowledge from both achievements and setbacks improves an organization's flexibility and preparedness to handle changes in the future.  
  
To summarize, the proactive and methodical approach of strategic management of organizational change aims to propel transformative efforts. To effectively lead businesses through the complexity of change and position them for sustained development and competitiveness in a changing marketplace, it takes vision, teamwork, and adaptation.

**8.1 Best practices for managing organizational culture and change**

Organizational structure, tactics, culture, procedures, operations, technological systems, and, most importantly, the workforce are all subject to change. To accomplish these objectives, human resources' roles and interactions within enterprises must be handled well.   
  
Management is carrying out crucial tasks that have the potential to bring about change. Change management has evolved from an administrative chore to more of a scientific and creative undertaking in the era of digital transformation. Some of the strategies which are adopted in organizational change are as follows-

1. **Create a strategic vision**. Every transformation project needs a strategic vision that supports corporate objectives.   
   The business plan should serve as the foundation for an actionable business case that justifies the change. Based on this strategic goal, the management process ought to operationalize and maximize transformation.
2. **simplifying the change process :** Simplifying the change processis crucial for fostering consistent stakeholder and user buy-in within organizations. When change initiatives are straightforward and clearly communicated, stakeholders and users find it easier to understand the rationale behind the changes and their implications. This clarity reduces ambiguity and uncertainty, which are common triggers for resistance. By breaking down complex processes into manageable steps and providing clear guidance on expectations and benefits, organizations can significantly lower barriers to acceptance. Simplification also helps in maintaining momentum throughout the change journey, as stakeholders remain engaged and motivated when they see tangible progress and understand their role in the transition. Moreover, a simplified change process minimizes the likelihood of users reverting to old habits or systems. When new procedures are intuitive and less disruptive to daily operations, individuals are more inclined to adopt and adapt to the changes, leading to smoother transitions and ultimately, more successful implementation of organizational goals. Therefore, prioritizing simplicity in change management not only enhances acceptance and reduces resistance but also promotes long-term sustainability and efficiency within the organization.
3. **Use communication to your advantage**   
   Spread the correct, comprehensive, and consistent message throughout the entire company. Work together on change plans, procedures, and objectives as a team or individually to prevent unpleasant surprises that could cause employee resistance.   
   BMC Software's SVP of Customer Success, Imran Khan, examines how crucial communication is to transformation. He declares:   
   Initially, you must convince individuals to accept the new approach by clearly explaining the change's what, why, and how. Secondly, you need to make sure that everyone who will be impacted by the change understands the advantages the solution provides. Painting a compelling image of how each stakeholder fits into the ideal future state is necessary to achieve this.
4. **Encourage and uplift champions:** Organizations that do not effectively convey the reasoning behind their transformation program are often the reason why change projects fail. Before making any significant changes to their daily routine, employees tend to seek explanations for their actions. Encourage and inspire those who are advocating for change to prevent this. For the efforts to be supported from the ground up, end users must be greatly inspired and motivated to do so at scale throughout the company.
5. **Employee education and training**: Finally, the effectiveness of a change endeavor depends on its ability to be maintained and maximized.   
   Installing new technological systems, for example, is only beneficial if users have climbed the learning curve and are able to comfortably embrace both the new technology and the related operational changes.

Navigating through a variety of factors, including operations, technology systems, personnel, culture, strategies, and procedures, is necessary while managing corporate culture and change. Change management is no longer just an administrative duty in the age of digital transformation; rather, it is now a strategic and creative process. Developing a strategic vision that is in line with business goals to direct transformation initiatives is one of the key tactics for successful organizational change. Gaining stakeholder support for the change requires streamlining the process; resistance can be decreased and momentum can be maintained by communicating clearly and cutting complicated procedures down into digestible phases. Good communication among all members of the organization guarantees that everyone is aware of the reasons for and advantages of change, which promotes acceptance and alignment with long-term objectives. Encouraging and assisting change advocates is helpful in getting past opposition and guaranteeing broad staff support. Ultimately, offering thorough education and training guarantees that staff members are prepared to embrace new technologies and operational modifications, improving the long-term viability and accomplishment of company objectives via efficient execution.

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