

## What is Organizational Structure?

- In order to meet its strategic objective organizational structure is the way in which
  - 1) Decisions are taken of communicating in organization
  - 2) Command and control is exercised in organization
  - 3) Resources are allocated in organization

### 1) Hierarchical Organization:

- It is a pyramid shape system in which decision making flows from top to bottom
- Power, authority and responsibilities are concentrated at the top of pyramid
- Authority is related positions, not individuals.

### 2) Functional Organization:

- Staff is divided into groups according to their specialized knowledge
- Each functional group is the specialist of certain tasks
- Authority rests with functional heads
- Main advantage is the complete expertise and control over their segment of project
- The main disadvantage that responsibilities of managing the project is divided among functional managers
- It causes lack of ultimate responsibilities of project.

### 3) Project organization:

- This type of organization comprises of team with cross functional expertise
- They are usually headed by the project managers
- Main advantage is the speed and flexibility due to availability of experts in one team and under one head
- Main disadvantage is unnecessary overhead because all project teams are not always occupied

### 4) Matrix Organization:

- It is the combination of functional and project organizations
- People from different functional units can be engaged in one project
- For project related issues people report to project managers
- For functional related issues they report to functional managers
- Main disadvantage is potential contact between functional managers and project managers because most of time these functional managers have to stop different project with same experts.