

Case Study- Matrix Organization

Matrix Management

Enterprises are basically profit motivated entities which undertake projects that are especially complicated, difficult or risky. Enterprises have features of both functional and projects based organization. Enterprises have horizontal business processes such as production line, chain of operations that form activity of business. Therefore matrix structure is the most suitable organizational structure for the enterprises. Matrix structure is the company structure in which the reporting relationships are set up as matrix which employees have dual reporting relationship to both functional and project manager (Diasz, 2017).

1.

- Information systems use to manage the information associated with both functional areas and the business processes. Therefore, enterprise system can lead to increase the complexity of the operation. Since there are many operations in enterprises, many managers and project personals need to educate about the enterprise systems. Many enterprises use matrix organizational structure in the organization. Therefore, there will be dual reporting structure and both functional and project manager need to agree to use the enterprise system. In matrix structure, both functional and project manager need to approve certain entries and records of the enterprise system. Therefore, enterprise system need to be configured in a way that it can be used by both functional and project managers. Therefore, complexity of the enterprise could be an issue for implementing enterprise system.
- Matrix structure is always costly compared to functional structure, since there is dual reporting structure. Therefore, all relevant facilities need to allocate to both functional and project managers. In enterprise system, when configure accesses to many users, cost of the system will go high. Further, enterprise need to allocate more funds to train the managers and projects personals in matrix structure organization. Therefore, this lead to double in the cost of implementing enterprise system.
- The more complex enterprise with two lines of authority, always has possibility to increase the conflicts. When implement the enterprise system, there can be raised conflicts among functional and project managers for the access for the approvals

through system. Power struggle between functional and project managers could be negatively impacted to implementation of enterprise system. Therefore, Shared power and authority need to purposefully configure to the system when design the enterprise system.

- Even though, purpose of the implementing enterprise system is to improve the efficiency of the business operation such supply chain management, finance, customer relationship and etc., complexity of the enterprises could lead to the strangulation of the decision process. This is mainly due to the requirement for constant clearing for most of the approvals from the functional manager and growth of conflicts caused by continuous referral of problems up the dual chain of command.

2.

- Senior managers overburden with routine issues. In functional organizational structure, accountability of the all aspects of the project finally come to the functional managers. Therefore, functional managers need to responsible for the all aspects of the projects, and it could lead to overburden them and demotivate them.
- Responsibility of the projects could be ignored by functional department. In the enterprise, functional team need to manage routine activities of their business operation. Therefore, focus for the project could be deviated. This could lead to miss to meet the project deadline and achieve project objectives.
- Coordination between functions will be difficult within functionally organized enterprise. In such enterprises, there are certain difficulties between functional departments to coordinate and exchange due to culture of the enterprise. Therefore, there could be communication difficulties among functional departments too.
- Lack of motivation of project personals is another issue of functionally organized enterprise. Employees of the functional department think that project is as an extra burden. Further there will less chance for career development in functional department and also tasks of the project management may not directly impact to their career development and performance evaluation.
- Furthermore, in functional structure, there is no specific person to take responsibility of the full project. Different individuals conduct different parts of the project which

lead to difficulties to coordinate. Further, due to deflection of the responsibility and blame, employees are reluctant to take responsibilities and take ownership of the project. Even managers are reluctant to delegate the responsibilities and tasks to subordinates. Therefore, employees can be demotivated too.

- Lack of feasibility and failure to adopt. Most of the functionally organized enterprises are focus on short term and further employees are reluctant to change. Therefore it leads to difficulties to adjust according to changes of the business environment. Further, there are stronger relationships and loyalty to functional department, therefore it is very difficult to rotate the employees according to project requirements. Currently, sudden changes need to be done in project team to achieve the project tasks within available resources and this silo mentality could negatively impact to achieve the project objectives.

3.

- Top management need to give a full support to implement the matrix structure successfully in the organization. Further higher management need to prepare the project charter to guide the project team. This project charter should specify the purpose of the project and set out the responsibilities and authority of the project manager. In addition, it should specify that the project manager's relationships with the functional managers involved in the project. There need to be clearly documented roles and responsibilities of the project manager and functional manager to implement the matrix structure without conflicts. Further there need to be properly clarified the roles and responsibilities of the project personals. RACI chart (Responsible, Accountable, Consulted and Implement) can be used to allocate the roles and responsibilities to the employees.
- For implement matrix structure successfully, functional managers need to modify their managerial thinking and their normal operation procedures and processes. Functional managers priorities need to be changed and the project need to come first of their priorities. Further, achievements of the project management need to include the performance evaluation of the functional managers and those performance need to link

to their career development. That will help to motivate them and take ownership of the project and achieve the project objectives.

- Project personals must be able to adopt two boss situation and this would be significant organizational culture change in the enterprise. Therefore, employees need to be acknowledged about the structural change in addition and need to explain the importance of the change.
- Establish performance goals and metrics is highly important to make success the matrix structure. Each team member should know the goals and metrics by which their performance is assessed. This ensures that everyone is pursuing the same goals when performing their individual tasks.
- Higher management need to allocate enough resources to implement the matrix structure. Encountering the matrix could be too costly since it double up on management by adding another chain of command. Further, initial stage of implementation, overhead cost can be increased. Therefore, there need to be conducted proper financial feasibility study to analysis the cost and benefit of the structural change of the organization.

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