
UNIT 3 RETAIL ORGANIZATION STRUCTURE

Structure

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3.0 OBJECTIVES

After reading this unit, you should be able to:

- Describe the types of organization structures;
- Explain the concept of centralization, decentralization, and departmentalization;
- Discuss the important considerations in retail organization design;
- Explain different functions of a retail organization; and
- Describe how to build a learning retail organization.

3.1 INTRODUCTION

The organization structure is a formal system where the various activities to be performed by specific employees are identified and delegated, clearly indicating their lines of authority and responsibility. It is a formal framework by which job tasks are divided, grouped, and coordinated. Right organization

structure will facilitate the right decisions at the right time to sustain in the competitive environment. People will make a difference in achieving organizational objectives when they work in teams with a lot of commitment to organization. In this unit you will learn about the retail organization structure, its centralization, decentralization and departmentalization. You will further learn how to design the organization structure of a retail firm and how to build a learning retail organization.

3.2 ORGANIZATION STRUCTURES

Organization is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.

Organizational structure refers to the way that an organization arranges people and jobs so that its work can be performed and its goals can be met. When a work group is very small and face-to-face communication is frequent, formal structure may be unnecessary, but in a larger organization decisions have to be made about the delegation of various tasks. Thus, procedures are established that assign responsibilities for various functions. It is these decisions that determine the organizational structure.

Traditional organizational structures focus on the functions, or departments, within an organization, closely following the organization's customs and bureaucratic procedures. These structures have clearly defined lines of authority for all levels of management. These traditional structures are line, line-and-staff and matrix.

3.2.1 Line Structure

The line structure is defined by its clear chain of command, with final approval on decisions affecting the operations of the company still coming from the top down Figure 3.1 shows line structure. Because the line structure is most often used in small organizations such as small accounting offices and law firms, hair salons, and "mom and-pop" stores, the president or CEO can easily provide information and direction to subordinates, thus allowing decisions to be made quickly.

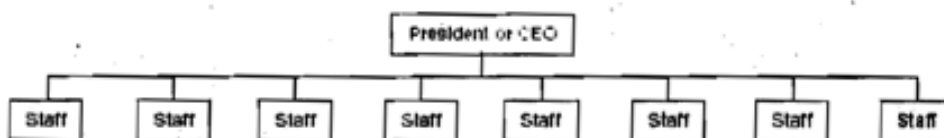


Fig. 3.1: Line Structure

Line structures by nature are fairly informal and involve few departments, making the organizations highly decentralized. Employees are generally on a first-name basis with the president, who is often available throughout the day to answer questions and/or to respond to situations as they arise. It is

common to see the president or CEO working alongside the subordinates. Because the president is often responsible for wearing many "hats" and being responsible for many activities, she or he cannot be an expert in all areas.

3.2.2 Line-and-Staff Structure

While the line structure would not be appropriate for larger companies, the line-and staff structure is applicable because it helps to identify a set of guidelines for the people directly involved in completing the organization's work. This type of structure combines the flow of information from the line structure with the staff departments that service, advise, and support them.

Line departments are involved in making decisions regarding the operation of the organization, while staff areas provide specialized support. The line-and-staff organizational structure "is necessary to provide specialized, functional assistance to all managers, to ensure adequate checks and balances, and to maintain accountability for end results.

An example of a line department might be the production department because it is directly responsible for producing the product. A staff department, on the other hand, has employees who advise and assist making sure the product gets advertised or that the customer service representative's computer is working.

Based on the company's general organization, line-and-staff structures generally have a centralized chain of command. The line-and-staff managers have direct authority over their subordinates, but staff managers have no authority over line managers and their subordinates. Because there are more layers and presumably more guidelines to follow in this type of organization, the decision-making process is slower than in a line organization. The line-and-staff organizational structure is generally more formal in nature and has many departments. Look at figure 3.2 which shows Line and Staff structure.

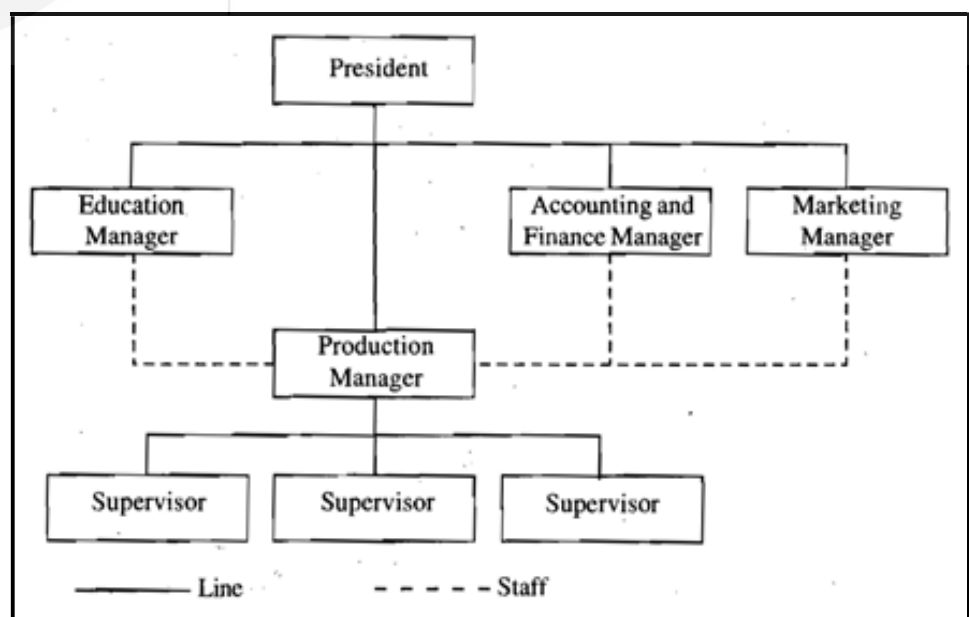


Fig. 3.2: Line and Staff Structure

3.2.3 Matrix Structure

A variation of the line-and-staff organizational structure is the matrix structure. In today's workplace, employees are hired into a functional department (a department that performs a specific type of work, such as marketing, finance, accounting, and human resources) but may find themselves working on projects managed by members of another department. Organizations arranged according to project are referred to as matrix organizations. Matrix organizations combine both vertical authority relationships (where employees report to their functional manager) and horizontal, or diagonal, work relationships employees report to their project supervisor for the length of the project). "Workers are accountable to two supervisors-one functional manager in the department where the employee regularly works and one special project manager who uses the employee's services for a varying period of time.

Since employees report to two separate managers, this type of organizational structure is difficult to manage-especially because of conflicting roles and shared authority.

Employees' time is often split between departments and they can become easily frustrated if each manager requires extra efforts to complete projects on similar timelines

Because the matrix structure is often used in organizations using the line-and-staff setup, it's also fairly centralized. However, the chain of command is different in that an employee can report to one or more managers, but one manager typically has more authority over the employee than the other manager(s). Within the project or team unit, decision making can occur faster than in a line-and-staff structure, but probably not as quickly as in a line structure. Typically, the matrix structure is more informal than line-and-staff structures but not as informal as line structures. Look at the figure 3.3 which shows the Matrix structure.

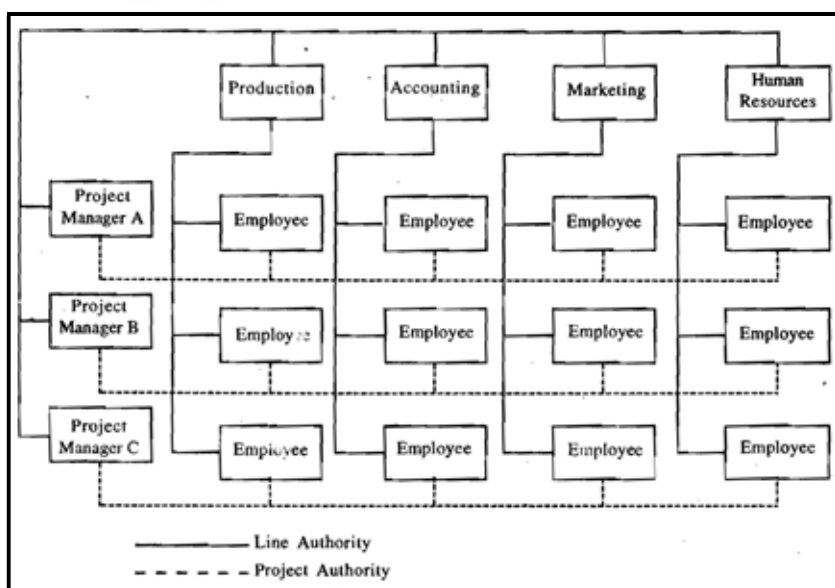


Fig. 3.3: Matrix Structure

3.3 CENTRALIZATION, DECENTRALIZATION AND DEPARTMENTALIZATION OF ORGANIZATION STRUCTURES

Centralization and decentralization pertain to the hierarchical level at which decisions are made. Centralization means that decision authority is located near the top of the organization. With decentralization, decision authority is pushed to lower organization levels. Departmentalization, which is the basis for grouping positions into departments and departments into total organization.

3.3.1 Centralized Structure

Organizations with a centralized structure have several layers of management that control the company by maintaining a high level of authority, which is the power to make decisions concerning business activities. With a centralized structure, line-and staff employees have limited authority to carry something out without prior approval. This organizational structure tends to focus on top-down management, whereby executives at the top communicate by telling middle managers, who then tell first-level managers, who then tell the staff what to do and how to do it. Since this organizational structure tends to be fairly bureaucratic, employees have little freedom. Centralized organizations are known for decreased span of control—a limited number of employees report to a manager, who then reports to the next management level, and so on up the ladder to the CEO as shown in figure 3.4.

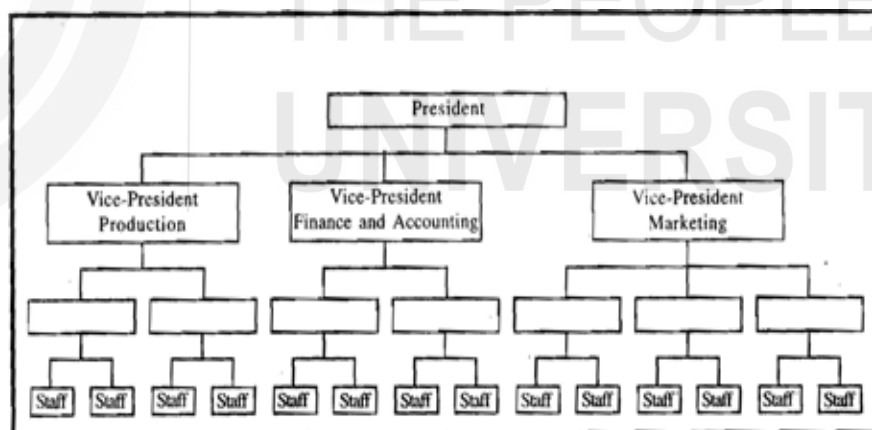


Fig. 3.4: Centralized Structure

3.3.2 Decentralized Structure

Because individual creativity can be stifled and management costs can be greater in a centralized organization, many organizations continue to downsize into a more decentralized structure. Decentralization seeks to eliminate the unnecessary levels of management and to place authority in the hands of first-line managers and staff—thus increasing the span of control, with more employees reporting to one manager. Because more employees are reporting to a single manager than before, the managers are forced to delegate

more work and to hold the employees more accountable Downsizing has also helped to change the flow of communication, so that top management hears staff concerns and complaints in a more direct manner and management has a more hands-on approach The hands-on approach involves less bureaucracy, which means there is a faster response to situations that demand immediate attention. This structure also takes advantage of bottom-up communication, with staff issues being addressed in a timely manner.

The restructuring generally takes place at the mid-management level. Because some middle managers have lost their jobs, been laid off, or simply taken advantage of early retirement and severance packages, their positions have been phased out. Thus helping to reduce unnecessary costly salaries and increasing employee span of control. Many middle managers who stayed in their current "positions" found that their jobs have changed to being coaches, or team leaders, who allow their employees greater freedom in completing their work responsibilities

The chain of command is the protocol used for communication within organizations. It provides a clear picture of who reports to whom Quick decisions can be made in decentralized organizations because approval usually has to come only from the manager one level higher than the person making the decision. The chain of command involves line-and-staff employees, where the staff's job is completing the actual work and the line functions to oversee the staff. Look at figure 3.5 which shows decentralized structure

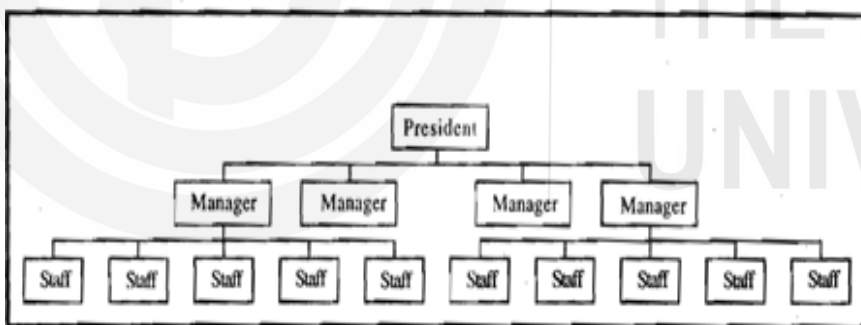


Fig. 3.5: Decentralized Structure

Centralization is the degree to which decision making is concentrated at a single point in the organization. Top-level managers make decisions with little input from subordinates in a centralized organization. Decentralization is the degree to which decisions are made by lower level employees. There is a distinct trend toward decentralized decision making. The following table gives factors that influence the amount of Centralization and Decentralization.

Table 3.1: Centralization and Decentralization

More Centralization	More Decentralization
Environment is stable	Environment is complex and uncertain
Lower level managers are not as capable or experience at making decisions as upper level managers	Lower level managers are capable and experienced at making
Lower level managers do not want to have a say in decisions	Lower level managers want a voice in decisions
Decisions are significant	Decisions are relatively minor
Organisation is facing a crisis or risk of company failure	Corporate culture is open to allowing managers to have a say in what happens
Company is large	Company is geographically dispersed

3.3.3 Departmentalized Structure

Organizations can be divided into various departments, or units, with individuals who specialize in a given area, such as marketing, finance, sales, and so forth. Having each unit perform specialized jobs is known as departmentalization. Departmentalization is done according to five major categories as shown in Figure 3.6: (1) Product, which requires each department to be responsible for the product being manufactured; (2) Geographic, which divides the organization based on the location of stores and offices; (3) Customer, which

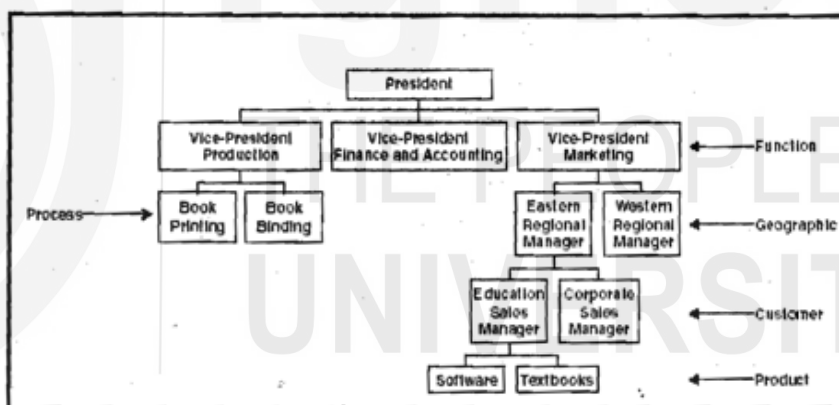


Fig. 3.6: Departmentalization

separates departments by customer type-for example, textbook companies that cater to both grade schools and community colleges; (4) Functional, which breaks departments into specialty areas; and (5) Process, which creates departments responsible for various steps in the production process.

3.4 DESIGNING THE ORGANIZATIONAL STRUCTURE OF A RETAIL FIRM

Organizational design is the process of developing or changing an organization's structure. The organizational structure of a retail store will vary by the size and type of the business. Most tasks involved with operating a retail business will be the same. However, small or independent retail stores may combine many sectors together under one division, while larger stores

create various divisions for each particular function along with many layers of management. For example, the small specialty shop may have all of its employees under one category called Store Operations. A large department store may have a complete staff consisting of a manager, assistant manager and sales associates for its Sporting Goods department, Home and Garden, Bed and Bath, and each additional department. In order to define the store's organization, start by specifying all tasks that need to be performed. Then divide those responsibilities among various individuals or channels. Group and classify each task into a job with a title and description. The final step is to develop an organizational chart.

3.4.1 Issues in Designing of Retail Organization Structure

While developing the organization design, certain issues to be taken into consideration have been shown in Figure 3.7. Based on the individual employee's expertise and specialization, a relevant limited set of activities are assigned to them.



Fig 3.7: Issues in Retail Structure Design

Through specialization the employee will concentrate on certain tasks for which they have the unique skills and training. Gradually they acquire expertise and enhance the productivity of the organization. When employees are given the necessary authority and responsibility they are able to effectively undertake the tasks assigned to them and this can lead to an increase in productivity. Take the example of the store manager who may recruit, select and train sales personnel; he will have all the authority and responsibility over how the merchandise will be sold. But the store manager will not have the authority to purchase the various categories of merchandise. For, it will be the merchandise manager who will be exclusively responsible for the profitability of merchandise category.

While designing an organizational structure some important considerations need to be kept in mind which are discussed below:

- a) **Scope of Operations:** With such difference in volume of transactions the job requirements are also different. Manpower planning accordingly changes. For larger it's essential that the manpower is well qualified to handle such large scale operations.
- b) **Nature of Merchandise:** It is a very important constituent of the human resource planning process. The type of merchandise a store deals with

has direct implications on the type of skill sets needed. For instance a retailer selling ready-made clothes will need people who are proficient in understanding customer's clothing needs and offer the best possible alternatives. However in a leather shoes and leather accessories outlet such persons will be needed who have at least preliminary knowledge about leather especially footwear.

- c) **Type of Organization:** Depending upon the organizational structure, requirement for human resource changes. A retail organization can have a host of departments like Sourcing, Marketing, and Accounts Warehousing on a functional basis. It can also have divisions based on various products it deals with. For example, The Giant at Hyderabad not only deals grocery items but also other categories like vegetables, fruits as well as casual wear and utensils to name a few. Thus, they have different centres for sourcing their different products and also warehousing such varied products have specific requirements for manpower.

3.4.2 Retail Organization Functions

When the number of stores that a retailer operates increases from one to more, the management becomes complex. Retail store chains may operate at a regional, national or an international level. Depending on their area of operation, they would require skilled personnel for various areas of operation. Such stores may be departmentalized on the basis of functions or product lines that the retailer operates in.

The following four functions can be seen in retail store:

- a. **Control:** This department is usually responsible for looking after the assets of the organization and functions like accounting: credit and control are a part of it.
- b. **Publicity:** Responsibilities include: advertising, sales promotions, public relations, publicity, etc.
- c. **Operations:** Include responsibilities like the actual operations of the store, including receiving goods, checking, maintaining records, and customer relations.
- d. **Merchandising:** Duties of this department would start with forecasting the merchandise required, procuring the merchandize, pricing it and making it available at the retail stores.

3.4.3 Ideal Retail Organization Structure

Retailers may decide to departmentalize the organization structure on the basis of the various product lines which are offered, like furniture, appliances, apparel, jewellery, etc. As stores expand to different regions, they may use geographic departmentalization. where personnel are responsible for the operations within a certain region, state or nation. A retailer may use a

combination of these types in the organization structure. A diversified retailer is one who operates more than one retail chain in more than one market all the national or international level. While many retail chains in the West may be termed as diversified retailers. In India, Reliance Retail is a good example of a diversified retailer. Due to the nature of its business operations, such an organization needs to ensure that its people resources are utilized. It is also necessary to ensure that the organization structure is such that it encourages healthy competition within the organization. By virtue of its scale of operations, such organizations have a complex organization structure.

An ideal retail organization structure consists of the following:

- i) **Owner/CEO or President**
- ii) **Store Operations:** Management, Cashier, Sales, Receiving, Loss Prevention
- iii) **Marketing:** Visual Displays, Public Relations, Promotions
- iv) **Merchandising:** Planning, Buying, Inventory
- v) **Human Relations:** Personnel, Training
- vi) **Finance:** Accounting, Credit
- vii) **Technology:** Information Technology

As the store grows and the retail business evolves, the dynamics of the organization's structure will change too. Therefore, it is paramount to redesign the store's organizational chart to support the decision-making, collaboration and leadership capabilities that are essential during and after a growth period

3.5 HOW TO BUILD A LEARNING ORGANIZATION FOR RETAIL BUSINESS

It is an organizational mind-set rather than a specific organizational design. It has developed the capacity to continuously adapt to the changing situations. All members can take an active role in identifying and resolving work-related issues. It practices knowledge management by continually acquiring and sharing new knowledge as the environment is conducive to open communication. The members in the team are empowered. It creates a shared vision for the future. It creates an organizational culture that provides a sense of community.

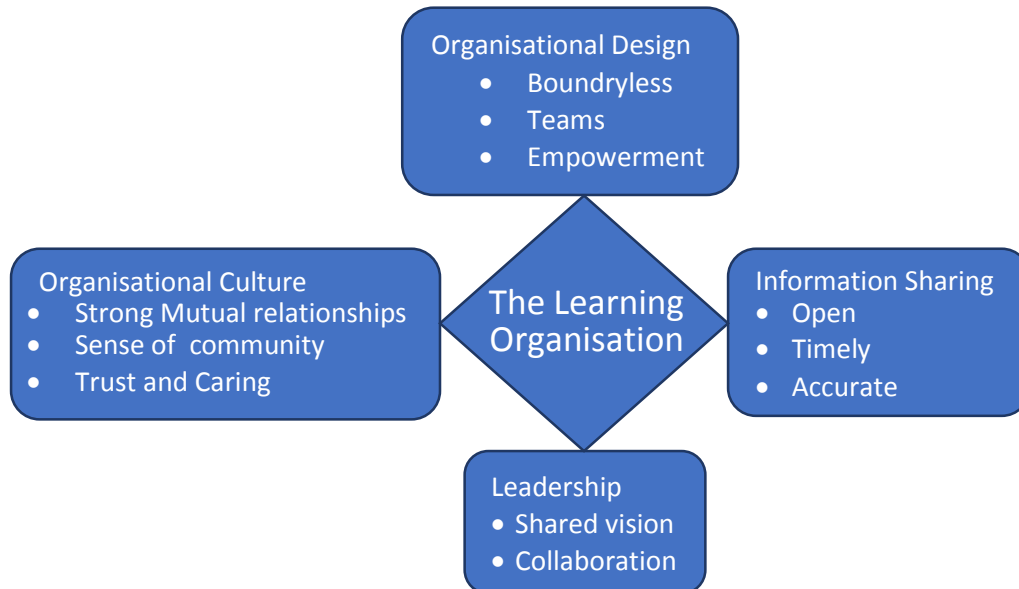


Fig. 3.8: Learning Retail Organisation

From the above figure 3.8, a learning organization can be built on the following dimensions

- i) **Organizational Design:** An important value in a learning organization is collaboration and communication across departmental and hierarchical boundaries. People on the team are given the skills, information, tools, motivation, and authority to make decisions central to the team's performance and to respond creatively and flexibly to new challenges or opportunities that arise. Empowerment means unleashing the power and creativity of employees by giving them the freedom, resources, information, and skills to make decisions and perform effectively.
- ii) **Organization Culture:** It is the set of key values, beliefs, understandings, and norms that members of an organization share. It creates good relationships, trust among employees to care for each other to achieve organizational objectives.
- iii) **Leadership:** An important value in a learning organization is collaboration and communication across departmental and hierarchical boundaries. People on the team are given the skills, information, tools, motivation, and authority to make decisions central to the team's performance and to respond creatively and flexibly to new challenges or opportunities that arise.
- iv) **Information Sharing:** A learning organization is flooded with information. If the accurate information is shared across people, departments timely, then managers can make effective decisions which lead to customer satisfaction.

ILLUSTRATION-1:**Snapdeal, Unicommerce, and Stellaro consolidated under one, 'AceVector' group**

India's multi-billion-dollar retail industry (slated to reach nearly \$2 trillion by 2030) is mostly an unorganized one. Nonetheless, it has been growing and evolving steadily over the years as technology came to its aid – India's organized retail market has grown by nearly 50% from 2012 to 2020.

Now, India's retail industry will see some of its leading businesses, which have grown and expanded tremendously with the evolution of India's online retail ecosystem, be part of, and operate as, one group brand. Going forward, the AceVector Group will have, as part of it, Snapdeal, integrated retail-tech SaaS platform Unicommerce, and House of Brands Stellaro Brands. Snapdeal co-founder KunalBahl informed the same, adding that the AceVector Group will combine innovation in distribution channels, digital-first consumer brands and SaaS platforms. Snapdeal itself has had a rather tumultuous ride. Along with Flipkart, Snapdeal too catapulted to peak in early days of India's startup ecosystem. However, with Amazon entering the fray and coming with an uncountable pool of cash, Snapdeal's business went down the hill. Lack of additional fundraise meant Snapdeal went through some of the worst times in its history since founding, having to curtail operations, make lay-offs and pivot its entire business model. He said "Given the scale already achieved by these individual businesses and the size of the opportunity that lies ahead, it is appropriate for us to formalise a group structure that highlights the broader scope of opportunities we have been pursuing as a company along with the distinct nature of each business, beyond our e-commerce marketplace – Snapdeal."

Just because they are part of a group company does not mean that there will be any changes in the leadership of the three brands. Snapdeal and Stellaro Brands will continue to be led by its President and its leadership team, while the CEO and his leadership team will continue to help Unicommerce.

This brings us to the next question, how will these three businesses contribute to the success of the AceVector Group? All three of them are strong players in their own right, having carved a niche in the market and withstood the intensifying competition. Snapdeal requires no introduction, serving quality products without burning the pockets of customers, having a presence beyond the metropolitan cities, and growing like clockwork. Unicommerce's SaaS solutions help brands run automated, paperless warehouse operations and sell across multiple marketplaces, and enable retailers to offer a unified purchase experience to end consumers that are interacting with the brand in an omni-channel world. Processing over 450 million orders annually, it has a presence in 14 countries and has, as part of it, 2000 stores, 7000 facilities, and 160 network integrations. Like Snapdeal, it has clocked strong growth (100% in enterprise clients in FY22).

Coming to Stellaro Brands, it develops brands that offer high-quality goods that are more pocket-friendly (the perfect choice for budget-conscious customers).

Stellaro builds these products based on consumer insights, which are gathered through live discussions, customer feedback, and using data science and analytics to understand what they want and need through their online behavior.

ILLUSTRATION-2

Enabling Development through L&D Practices in Retail Industry

The role of an L&D practitioner is a crucial success factor for online learning. However, until recently there has been a gap between research and practice. The onset of COVID-19, and the resulting shift of activity into the online world, presented a compelling context for further research into how to make digital learning successful. Last year we saw the retail sector getting a step ahead in the market and also witnessed normalcy at a fast pace. But what really requires our attention is how employee training during this time changed for all retail owners.

BW Businessworld in association with BW People organised a virtual roundtable with Harappa where eminent HR leaders from the retail sector shared space on one panel. The topic of discussion largely focussed on how organisations used pandemic-related disruption as an opportunity to step back and analyse the skill which organisations would expect in their employees.

The COVID-19 pandemic has dramatically shifted the way we learn. Learning and development practitioners have been challenged to step outside of their comfort zone, be curious and embrace new ways of delivering learning with high impact for the digital age. “The past 2 years have shown us two important things; technology and how to get your basics right. The importance of prioritisation and resilience is what has suddenly become a key ingredient to be ingrained amongst all employees in any organisation,” believes RewaRavneet Singh, Head - L&D, Talent, OD & Performance, Mamaearth. She also claims that the importance of people manager capability has also become a key ingredient.

The world of digital learning and development has been accelerating rapidly over the past two decades. Some organisations and industries have been quick to embrace this change, developing their tools, processes and capabilities to support the growing need for learning. However, many others have been slower to adapt. Digital learning is often seen as a ‘poor relation’ in comparison to face-to-face learning. Yet, there is growing evidence that digital methods can effectively achieve learning outcomes in an efficient, flexible, and scalable way.

It is essential for organisations to enhance the productivity of their workforce during this vital digital age of learning. “It begins with planning, which has

become an important skill for us and something we are deeply engaging our workforce in,” states Sabharatnam Narayanan, Head-Retail Training, Titan Company Limited.

Being organised plays a pivotal part as now the roles have reversed; instead of customers coming to you; you are going to them. “In this age of digital adoption, earlier the need was to inform on the floor and to have products at proximity to have increased awareness about the brand. But now, when the customer is fully informed and knows what he/she wants, this skill needs to be replaced with other important ones,” explains Sumit Kumar Singh, Head of Human Resource, Lava International.

The role of an L&D practitioner is a crucial success factor for online learning. However, until recently there has been a gap between research and practice. The onset of COVID-19, and the resulting shift of activity into the online world, presented a compelling context for further research into how to make digital learning successful. And in order to make digital learning a success, you need effective hiring which can match the expectation of today’s learners. Talking about hiring at this time, Ravi Sinha, Head HR, Decathlon is of the view that, “How hireable and adaptable the new employee is to the purpose of my company is an important question. The ‘why’ factor today carries more importance than the ‘hows and whats.’ At Decathlon we encourage employee autonomy and responsibility. Teams need to make their own decisions and perform them with the utmost responsibility and accountability.”

Skills For Future Leaders:

JeevaBalakrishnan, Senior Vice President & Chief Talent Officer, Reliance Retail believes that from a business leader’s perspective, hiring at the leadership level should possess empathy as a priority skill. He further believes that along with people understanding, scenario understanding is another key skill that leaders must possess. Despite the pandemic fever, over 65,000 people joined our brand last year.”

“As a business leader, it's equally important to have conversational intelligence and collaborative intelligence.”

Lastly, MeetuGoel, L&D Head, Marico summed up three major shifts in the learning scenario:

- The acceptance of hybrid working has been phenomenal as we have identified all possible routes for employers/employees who still wish to continue working from home. Hence, it is important to look for those people now who can implement our mappings.
- Our aim is to build functional expertise in a digital channel, so as to rule as retailers in the digital medium.
- Working on keeping the fabric of an organisation intact, as it becomes difficult to bind threads when people work from anywhere.

Key Take-Aways- A learning **Retail-Organisation** must possess the below mentioned factors

- 1) **Flexible Organisational Design:** A retail organisational design should be such that the employees should have the freedom to take decisions independently and creatively. Such freedom will enhance their learning to a huge extent.
- 2) **Organization Culture:** It is essential for organisations to enhance the productivity of their workforce during this vital digital age of learning. Which has become an important skill for us and something we are deeply engaging our workforce in.
- 3) **Leadership: Skills For Future Leaders:** from a business leader's perspective, hiring at the leadership level should possess empathy as a priority skill. In addition to this, along with people understanding, scenario understanding is another key skill that leaders must possess. "As a business leader, it's equally important to have conversational intelligence and collaborative intelligence."
- 4) **Information Sharing:** Being organised plays a pivotal part as now the roles have reversed; instead of customers coming to you; you are going to them. "In this age of digital adoption, earlier the need was to inform on the floor and to have products at proximity to have increased awareness about the brand. But now, when the customer is fully informed and knows what he/she wants, this skill needs to be replaced with other important ones," explains Sumit Kumar Singh, Head of Human Resource, Lava International.

3.6 LET US SUM UP

The organization structure is a formal system wherein the various activities to be performed by specific employees are identified and delegated clearly indicating their lines of authority and responsibility. In the present highly competitive environment, it is imperative to have the right and efficient organizational structure for achieving success in the market.

Organizational structure implies assigning and distribution of tasks among employees. Traditional organizational structure is normally governed by customized bureaucratic set-up. These traditional structures are line, line and staff and matrix.

The actual organizational structure is determined by size and type of the business. While in large departmental stores, the tasks are distributed to different divisions, in smaller stores this type of distribution is not possible. Some important considerations, such as scope of operations, nature of merchandise and type of organization are kept in mind in relation to the designing of the organizational structure.

The retail stores chain operating at international level requires skilled managerial personnel. Normally the management of a retail store includes four types of functions, namely control, publicity, operations and merchandising. An ideal retail organization structure consists of owner/CEO or president, store operations, marketing, merchandising, human relations, finance and technology. Depending on the expansion and extension of the retail business, the organizational structure may undergo necessary restructuring or modifications.

The building of a learning organization of retailing is actually an integral part of the whole setup.

3.7 KEY WORDS

Centralization: It is the degree to which decision making is concentrated at a single point in the organization. Top-level managers make decisions with little input from subordinates in a centralized organization.

Decentralization: It is the degree to which decisions are made by lower level employees. There is a distinct trend toward decentralized decision making.

Departmentalization: Organizations can be divided into various departments, or units, with individuals who specialize in a given area, such as marketing, finance, sales, and so forth. Having each unit perform specialized jobs is known as departmentalization.

Functional Organization: The organization of a firm's business activities so that a separate division is responsible for each business function - production, finance, personnel, marketing, etc; the organization of a firm's marketing activities so that a separate division is responsible for each marketing function-planning, research, sales, advertising, distribution, new product development, etc.

Line Organization: An organizational structure in which authority moves down in a line from the chief executive; typically, there are no specialists or advisors, the chief executive having complete authority over decision making.

Matrix Organization: The matrix organization is an attempt to combine the advantages of the pure functional structure and the product organizational structure. This form is identically suited for companies, such as construction, that are "project driven".

Organization: An organization is a group of people intentionally organized to accomplish an overall, common goal or set of goals.

Organization Structure: The organization structure is a formal system wherein the various activities to be performed by specific employees are identified and delegated, clearly indicating their lines of authority and responsibility.

Product Organization: The deployment of a firm's sales force or the organization of its marketing activities so that a separate division is responsible for each of its major products or product groups.

3.8 TERMINAL QUESTIONS

- 1) What is organization structure? Discuss different types of organization structure.
- 2) Explain briefly the characteristics of retail organization.
- 3) What is centralization and decentralization in retail organization? Which is the most preferred one in the changing environment?
- 4) What are the design considerations for working out a suitable retail organization structure?
- 5) What is a learning organization for retail business? Explain its characteristics.
- 6) How motivation and coordination lead to employee commitment in the retail organization?

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