

THE ROLE OF ORGANIZATIONAL STRUCTURE IN PROJECT MANAGEMENT

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ABSTRACT

Organizational structure has a significant impact on the effectiveness and efficiency of project implementation, as well as the management of the resources involved. By exploring various project management theories and organizational structure concepts, this research aims to investigate how the selection and implementation of an organizational structure can influence project performance. This research uses literature analysis and case study methods to identify key factors that influence the role of organizational structure in project management. The findings show that an appropriate organizational structure can improve coordination, communication, and decision-making in project teams. Conversely, a mismatch between organizational structure and project needs can hinder progress and create obstacles that are difficult to overcome. The results of this research provide valuable insights for project management stakeholders, including project leaders, senior managers, and project team members. By understanding the critical role of organizational structure, practitioners can make more informed and strategic decisions when designing and implementing their projects. Managerial implications and recommendations for further research are also discussed to deep understanding of the relationship between organizational structure and project management.

Keywords: Organization, Organizational Structure, Project Management

INTRODUCTION

Project implementation is a complex challenge that requires good coordination, appropriate resource allocation, and fast and accurate decision-making (Secundo et al., 2022). In an effort to achieve project goals effectively and efficiently, the role of organizational structure becomes crucial (George et al., 2024). Organizational structure, as a framework that regulates hierarchical and functional relationships between team members, provides the necessary foundation for running a project successfully (Lazakis & Van Der Meer, 2023).

Organizational structure not only includes the division of tasks and responsibilities but also influences the ways of communication, coordination, and decision-making in the context of project management (Zhang et al., 2024). Choosing the right organizational structure can provide solid support for the project team, while a mismatch between the organizational structure and project characteristics can create obstacles that hinder progress (Hu et al., 2024). In this context, this research aims to explore the role played by organizational structure in project management (Tijani et al., 2024). By analyzing literature and case studies, this research will identify key factors that influence the relationship between organizational structure and project implementation (Bagherian et al., 2024). It is hoped that a deeper understanding of this interaction can provide guidance for

project management stakeholders in making strategic decisions in designing and implementing their projects (Tanilkan & Hannay, 2024).

The project management process must go through a plan, such as being organized, directed, coordinated, and controlled well, so that the goals can be achieved efficiently and effectively (Palupiningtyas et al., 2024). The steps that lead people to project management are:

- 1) It is necessary to identify business opportunities or carry out investment activities, which are usually realized in the form of projects.
- 2) Understand the characteristics and limitations of the project before making a decision to undertake a project investment.
- 3) Realizing that project management needs to be given a place in an organization

METHOD

This research uses qualitative methods with a literature review approach. Literature review is a systematic, explicit and reproducible method for identifying, evaluating and synthesizing research works and thoughts that have been produced by researchers and practitioners. The step in writing this review literature begins with the selection of topics. Search libraries or sources to gather relevant information from Google Scholar, CINAHL, Proquest, Ebsco, or National Library databases. Determine keywords or keywords for journal searches. After the data is collected, it is processed, analyzed and conclusions drawn.

RESULTS AND DISCUSSION

Definition Of Management And Organization

(Head et al., 2019) defines management as an action that involves planning, organization, integration, mobilization, and supervision to achieve organizational goals. Management is the process of planning, organizing, leading, and controlling the work of organizational members and using all organizational resources to achieve goals. established organization (Kabeyi, 2019).

In organizations, management activities are divided into several parts, including personnel management (Yuan et al., 2024). Personnel management is planning, organizing, directing, and controlling labor procurement, development, compensation, integration, maintenance, and termination of employment with human resources to achieve individual, organizational, and societal goals. (Flippo; 2015) Personnel management has functions that can be divided into two parts, namely (Pimenta et al., 2024):

- 1) Management functions consist of planning, organizing, directing, and controlling.
- 2) Operational functions, consisting of procurement of labor (procurement), development (development), compensation, integration, maintenance (maintenance), and termination of employment (separation).

From these two functions, it can be seen that organizing is included in the management function. Organizations are a tool to achieve goals; therefore, personnel management must develop an organizational structure (Stoner, 2014). The advantages of a good organization include:

- 1) Explain who will do what.
- 2) Explain who leads whom.
- 3) Explain communication channels.
- 4) Focus resources on goals.
- 5) Functional organizational structure

This process includes work details, division of work, and coordination of work that occurs within a certain scope and structure. Soekanto (2013) divides organizational structures into five

groups: functional organizational structures, project organizational structures, matrix organizational structures, business organizational structures (ventures), and work team organizational structures (task force). The functional organizational structure that handles projects can be seen in Figure 1.

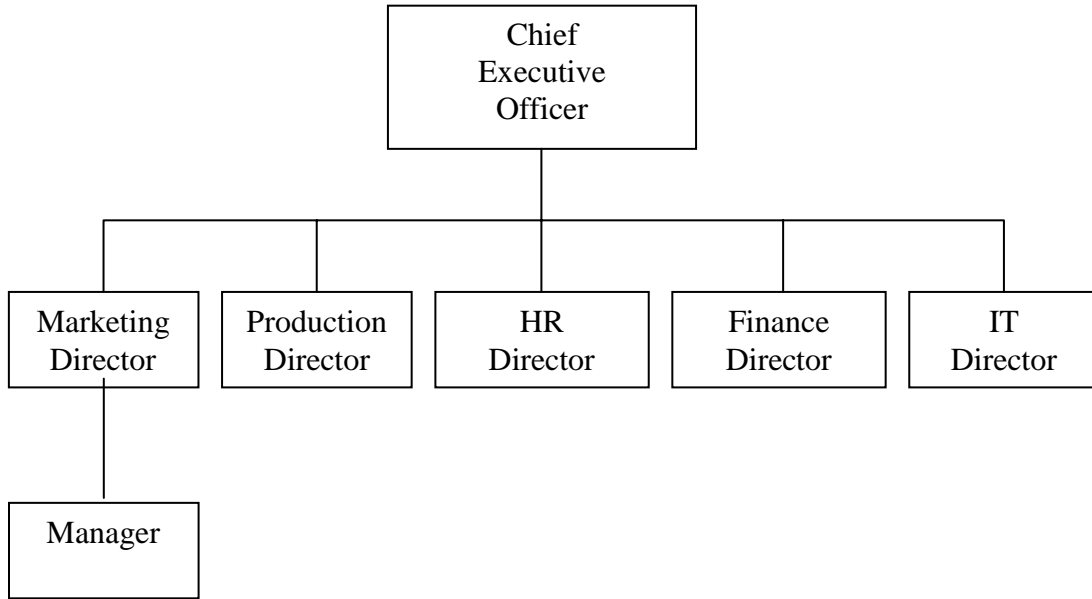


Figure 1. Functional Organization Structure (Soekanto, 2013)

Project Organizational Structure

In essence, the organizational structure of the project starts from a functional organization. The project maintainer of a section requests that the functional people working on the project actually move to work completely under his or her control. For details can be seen Figure 2.

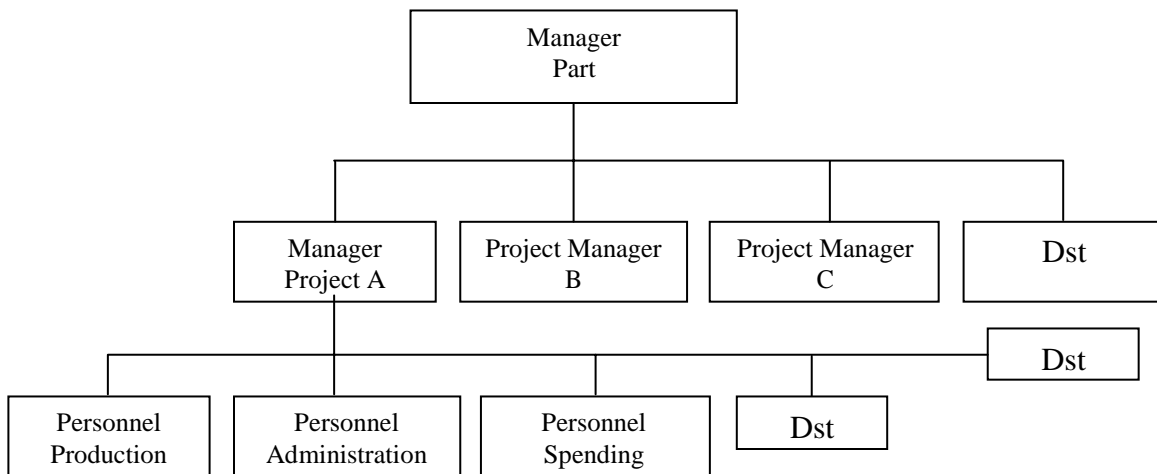


Figure 2. Project Organizational Structure (Soekanto, 2013)

The more projects there are, the more duplication of functions there will be. Apart from that, employees will be unsure where they will be placed when the project implementation is complete. On the other hand, department managers may be concerned if their personnel are drawn into projects. Utilization of functional personnel will be ineffective and inefficient. Therefore, what is called a matrix organizational structure was created.

Matrix Organization Chart

Matrix organizations are usually created based on the merits of functional organizations and project organizations. Experts/staff are gathered based on their function to work on certain projects. In this case a separate project management section is formed.

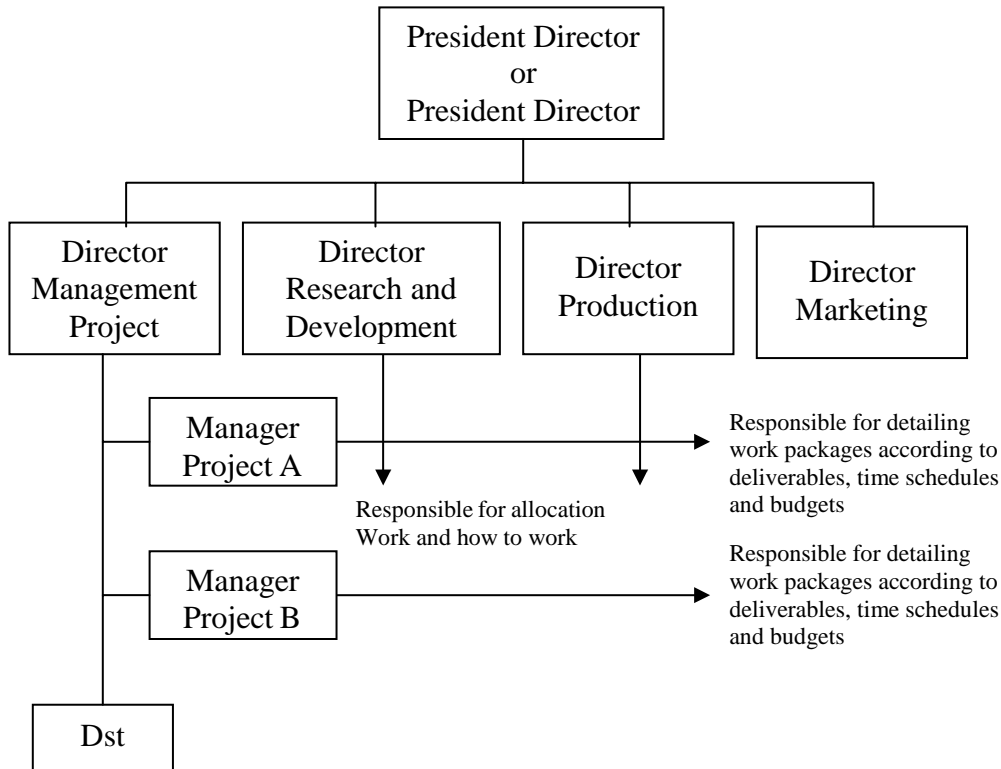


Figure 3. Matrix Organization Chart

Each part, structurally, must not have a project. However, various projects can still be carried out by the company but are under the supervision of project management. Furthermore, the matrix organizational structure can be seen in Figure 3.

The difficulty here is that matrix organization can usually only be carried out by large companies, and if the system is not smooth, it can cause conflict and gaps between functional departments and project management departments.

Business Organization

In this case, collaboration between technicians, researchers, and marketing experts needs to be fostered, especially at the start of product development.

Project Management

In implementing a project, the activities that will be faced are very complex. This, of course, requires good management so that, in the end, the project can run according to plan. Project implementation must be carried out comprehensively, starting from planning, physical

construction, and maintenance, which involve various supporting elements and components. One part of project management that plays quite an important role is project organization. A project will be successful if there is organization in it. the good one. This organization is project management with the aim of managing the stages of work implementation to achieve targets. Meanwhile, a project organization is a system that involves many parties working together to carry out a series of activities. Therefore, the elements involved in management must work together and have a sense of responsibility for the tasks, obligations, and authority that have been given according to their field and expertise, respectively. The advantages of having an organization involved in a project are:

- 1) Work can be carried out carefully.
- 2) Overlapping work can be avoided by dividing tasks and responsibilities according to expertise.
- 3) Increase the maximum utilization of available funds, facilities, and capabilities.

Project Implementation Organizational Structure

a. Organizational Structure of the Employer (Owner)
b. Budget users.
c. Cashier.
d. Bookkeeping.
e. Paymaster.
f. Field supervisor.
Laboratory Technician

Project Control

Project control is a system for monitoring project implementation so that the parties involved in the project can function and work optimally with time and labor efficiency. Project control is not only carried out on one aspect but on all aspects that influence the course of development.

Control in every aspect is required to provide optimal results in accordance with existing standards and specifications. In this way, efficiency, time effectiveness, quality, and cost savings can be achieved. A situation that deviates from existing standards and specifications must be addressed.

Elements of Project Control

In implementing this construction, the contractor seeks to achieve the elements of project control, namely :a. Quality Control of Materials and Work
b. Cost Control
c. Time Control

Project Organization

A project organization is a structure or framework created specifically for planning, implementing, and managing a project. The project organizational structure aims to provide effective direction, coordination, and supervision of all elements involved in the project in order to achieve the stated project objectives.

Project organization is a means of achieving goals by managing and organizing resources, labor, materials, equipment, and capital effectively and efficiently by implementing a management system according to project needs. So that organizational goals can be achieved, the following process is carried out:

- 1) Identification and division of activities
- 2) Grouping of people responsible for activities
- 3) Determination of authority and responsibility
- 4) Develop control mechanisms

Project Organization Type

Hobbs (1993) identified seven factors that influence the selection of a project management organizational structure, namely:

- a. Project size
- b. Strategic policy
- c. The need for the latest innovations
- d. Need for integration (number of departments involved)

- e. Environmental complexity
- f. Time and budget constraints
- g. Stability of resource demand

Of the many existing organizations, those commonly used in project organizations are as follows:

Line Organization

It is very commonly found in construction work that is not too large. The characteristics of this organization include that the goal is simple, the number of personnel is small, and the relationship between leaders and members is direct. This organization can only run well if the leader has good managerial skills, because all progress and setbacks depend on the leader.

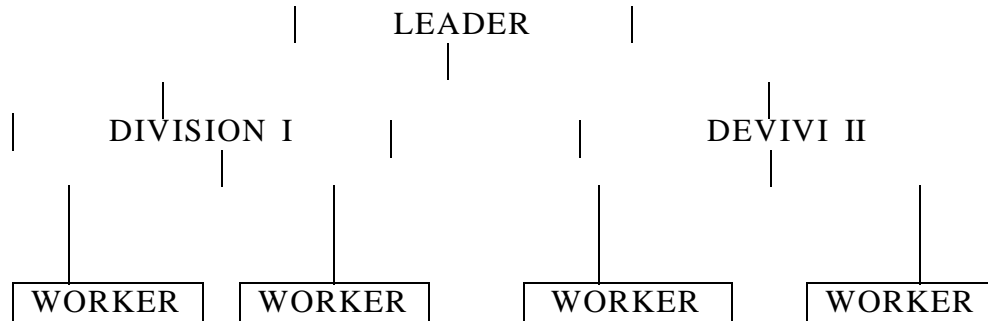


Figure 2. Line Organizational Structure Chart

Staff Organization

An organization that has a composition of units that handle specific tasks according to organizational needs and is equipped with sub-ordinates (Anthony & Chimezie, 2024). For this reason, this type of organization is often found in private institutions or most government bureaucratic organizations (Chen et al., 2024). The characteristics of a functional organization include; the division of tasks is clear and firm, does not require much coordination, organizational units are based on activity specialists, and levels below the top leadership can directly have the authority to give direct orders to their respective subordinate units.

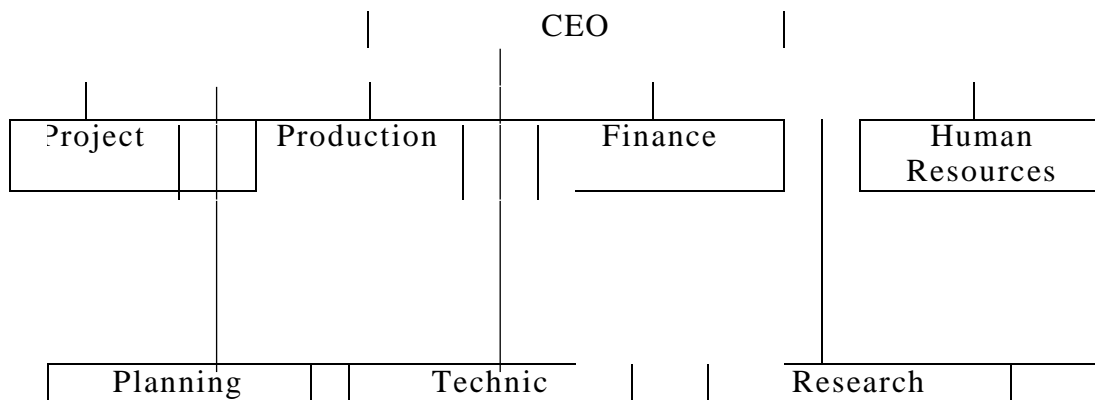


Figure 3. Functional Organization Chart

Matrix Organization

In the matrix organizational structure for each project, a coordinator is introduced. The coordinator still serves in the organizational unit or functional department. However, he was entrusted with full responsibility for project implementation. The matrix organization imposes a side order on the existing vertical hierarchy. The form of the matrix organization structure is as shown below:

CONCLUSION

Choosing an organizational structure that suits the characteristics and complexity of the project is very important. The right structure can increase the effectiveness of project implementation, while inappropriateness can create obstacles and hinder progress. The need for project organization is very necessary and is related to the size of a project. Organizational structure influences coordination and communication within a project team. A good structure can facilitate the efficient flow of information, allow teams to work synergistically, and avoid communication barriers that can be detrimental to a project. In a project organization, the latest innovations are needed, as are the number of external interfaces and time and budget constraints, so that time and budget deviations can be monitored in each project report. The application of WBS (Work Breakdown Structure) and OAT (Organization Analysis Table) is needed in construction project organizations so that personnel can be placed according to the organization's needs and their respective skills. Continuous evaluation of the performance of the organizational structure and the necessary adaptations is important. This process allows the organization to learn from previous project experiences and continuously improve the effectiveness of the organizational structure in project management.

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