Understanding organisational structure

Introduction

All organisations have a structure, whether it is formal or informal, deliberately established or casually evolved. The structure determines who has authority to make decisions, the areas in which particular tasks occur, and who is responsible for them.

The larger the organisation, the more complex the structure it has. It defines, for those inside and outside the institution, the way in which different work activities relate to each other, where responsibilities lie, and how communication flows.

As organisations and their goals evolve, so should the structure best suited to achieving these goals.

When you have completed this section, you should be able to:

• explain why organisations need structure
• describe some common organisational structures
• distinguish between formal and informal structures.

The main topics in this section are:

1. Formal structures
2. Types of structure
3. Informal structures

Working in groups or teams

Any group of people working together has some structure to make their day-to-day operations more efficient. Even in a family business, someone is responsible for signing the cheques, someone else for waking up early to open the shop or go to the market. This structure is informal. When more staff are employed and the work increases, a more formal structure becomes necessary. It is no longer possible for everyone in the business to just ‘know’ how it runs. It needs formal titles, division of work, and clear lines of authority. The formal structure emerges and is used to inform outsiders, as well as staff, about how the organisation runs.

This structure can be shown as a chart with boxes indicating functions or products, and how they link to each other.

The subtopics in this section are:

1a. Formalising the organisation
1b. Size of the organisation and its environment

1c. Nature of the work

1d. Nature of management

1e. Span of management

**Formalising the organisation**

As organisations expand, a formal structure becomes necessary:

- to show staff and outsiders how work units relate across the organisation
- to give an idea of the information flows across the business
- to indicate lines of authority
- to show how activities are divided up, and the relationships between them.

As organisations and their goals evolve, so does a structure suited to achieving those goals. What may have worked ten years previously may no longer be useful. When major changes occur in an industry - e.g., the introduction of new technology or massive changes in government policy - management need to review their structure to ensure that it is still effective in the new environment.

**Size of the organisation and its environment**

The size of an organisation and its environment have a great influence on the type of structure that best suits it. As organisations grow, work is broken down into smaller units of specialisation. Within a specialisation, there may again be divisions. For example, a division concentrating on sales may be subdivided by region (e.g., Australia, US, Europe), or by type of product sold (e.g., fiction, reference books) or by type of customer (e.g., private, academic, commercial). Thus the need to understand the links between the divisions increases.

In a slow-changing environment, a structure can remain fairly rigid and may not need a great deal of reviewing. However, most organisations need to be flexible and quick-witted in meeting the challenges of rapid change. This means that structures are not set in concrete. Changes may be difficult to foresee (a good example is the amazingly rapid uptake of Internet usage), so that structures may need to be re-thought with little warning to meet new challenges.
Nature of the work

The type of work influences the organisation’s structure. Thus a business manufacturing a small number of items in a standardised way has quite a different structure from a business writing or supporting computer software applications. Where items are mass-produced to a set pattern, structures are usually simple. Care needs to be exercised when developing structures so that work does not become too subdivided, resulting in jobs lacking scope and depth, and providing little satisfaction to the staff.

Work with a high quality content such as delivery of a reference service, or supporting a software application, calls for flexible structures tailored to meet the changing needs of users. Building teams of motivated staff is crucial to the success of these services.

Finally, the profit margin in a business affects its structure and design. Where competition is cut-throat and profit margins tight (e.g., the food and clothing industries), structures have to support a lean organisation. In other areas, such as libraries, it is the quality of service that is important. Structures should reflect this emphasis.

Nature of management

The style of management affects any organisation’s structure. Tightly-controlled, hierarchical organisations show a clear delineation of duties, with little or no overlap. Lines of authority and communication are clear and there is little room for flexibility. This may be appropriate in (say) manufacturing, where large quantities of materials are produced along standardised patterns.

In organisations with a flexible management style, the structure will reflect this. Lines of authority are less clear and employees may answer to different supervisors depending upon the projects they are working on. This style is more appropriate to work which requires creative ability with a high quality component. Typically, research, delivery of services, and information technology benefit from this design.

The type of structure also depends very much on the experience of its employees.

Span of management

The term ‘span of management’ refers to the number of staff who report to a manager. The larger the number, the wider (or more horizontal) the span of management. Too wide a span
leaves managers overworked and staff without enough access to a manager. Too narrow a span may mean that managers are underworked and subordinates monitored too closely.

The span of management relates to the organisational structure. A wide span has a flatter structure with few levels between top and bottom; while a narrow span has a taller or hierarchical structure with a big gap between the CEO and most staff.

There is a general shift towards flatter spans. There are therefore fewer middle level managers, who were seen simply as conduits, passing information up and down. This may have been the case in some situations, but the reality was usually more complex. In selecting an appropriate span, some factors are:

• the nature of the work: If it is routine, the span may be flatter.
• the experience of the staff: Well-trained, experienced staff may work well with a flatter span.
• the experience and style of management: If they are experienced and happy with a less authoritarian style, a flatter span will work.
• the level of planning and other work required of the manager: If there is much of this, then a narrower span will be necessary.

If a lot of direction and control is expected of the supervisor, then a narrower span is required.

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Types of structure

Various organisational structures have evolved to meet the changing needs of businesses. These can be categorised as mechanistic or organic. Mechanistic structures break the organisation down into units based on a clear division of roles or activities. Functional and product designs (see next screens) are mechanistic styles.

Organic designs have emerged due to criticisms of the earlier structures as rigid. The aim of organic structures is to provide flexibility and ‘big picture’ understanding of the organisation by combining the benefits of the traditional structures with the flexibility available to managers through improvements in IT, staff training and the like. One example of this style is the matrix structure.

The subtopics in this section are:

2a. Functional design
2b. Product design

This design uses a structure that reflects the different types of materials handled. Complex organisations such as a large academic library, museum, gallery, or archive may use this structure to encourage specialist expertise. See the example below:

A traditional museum environment might have a structure in this chart. Click on it to enlarge it.

This division of responsibilities may again lead to concern with the specific, rather than the ‘big picture’, but it does encourage ownership of a particular product or service.

For instance, in this example, all work concerning audiovisual records - acquisition, cataloguing, and reference work - would be done in the same section. This encourages coordination.
between staff, creates a depth of expertise among the staff, and allows a high standard of service. It also provides staff with opportunities to move easily within their areas of specialisation, say from cataloguing to reference work.

The major disadvantage relates to duplication of resources, and difficulties in coordinating and applying organisation-wide standards. Each section oversees the work of its own cataloguers, collection development officers, readers’ services staff etc., with little communication with other sections of the organisation.

Matrix design

These designs aim to combine the advantages of the functional and product structures and overcome their disadvantages. They involve functional specialists in specific projects or programs. Staff answer to two managers, one concerned with the functional area, one managing the project. It emphasises flexibility, open communication and cooperation between managers as well as staff.

Click on the thumbnail image to see an example of how a matrix structure may work in practice.

Two projects are shown, one on maximising effective use of the Internet, and one on developing a temporary exhibition space in the library. These projects draw on staff from the functional areas Acquisitions, Cataloguing, Reference Services and IT.

Staff continue to work in their own areas and on these projects as required. At different times they answer to different managers.

The advantages of this approach are flexibility to meet unforeseen demands, and the multiskilling and development possibilities it offers staff by providing opportunities outside their normal work. Involving staff in those tasks gives them a wider understanding of organisational needs.
The disadvantage is the demand it places on management to cope with increased complexity and the need for greater cooperation. It also places new pressures on staff.

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<thead>
<tr>
<th>University Librarian</th>
<th>Acquisitions</th>
<th>Cataloguing</th>
<th>Reference</th>
<th>IT</th>
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</thead>
<tbody>
<tr>
<td>Internet project</td>
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<tr>
<td>Display project</td>
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**Teams, project groups and task forces**

Other organic structures may come into existence, perhaps for a finite period, with the structure reverting to ‘normal’ afterwards. This may occur when major computer upgrades or installations are planned and implemented, or (for museums and galleries) when new displays are produced. Staff form project groups that concentrate on the particular activity, leaving their day-to-day work to one side until the work has been completed.

Given the complexity and size of projects usually associated with this approach, this sharing of talents is vital.

One challenge for managers is how to retain enthusiasm and morale once a group has completed its task and returned to its usual role. The excitement and sense of purpose are lost, and social relations may be broken. Reintegrating team members into their normal duties needs to be handled with sensitivity.

**Informal structures**

Formal organisational structures are determined by management, but informal structures also emerge without any encouragement from management, who may try to control them. They are rarely clearly defined, but change according to many factors, including the make-up of work groups. Changing a perceived negative informal structure into a positive one, is a hard task for management.

The subtopics in this section are:

3a. The informal environment
3b. Tradition
3c. Individuals
3d. Benefits and concerns
The informal environment

Informal groups emerge in the formal structure for many reasons. These can be related to social behaviour - e.g., all smokers who gather outside or those who lunch together become workplace friends. Membership of a trade union is one semi-formal grouping within the formal structure.

Informal groups provide a social environment for staff, who share understanding, attitudes and values that can strengthen their commitment to their work. They also provide status and security by allowing staff to 'let off steam', share ideas, and help each other solve work or personal problems.

However, informal groups can also encourage 'group think' and limit options for individual creative ideas. Members who disagree with a group position may be reluctant to express their views. This can make groups resistant to change.

With a strong sense of identity, groups can be intimidating for newcomers or those who don't wish to join. While informal structures will always exist in the workplace, managers need to follow their development, appreciate their impact, and intervene if they appear dysfunctional.

Traditions

Tradition is powerful and can be particularly potent in shaping informal group norms and behaviours. Traditions usually arise (at least at first) for compelling reasons. However the tradition may outlive the reasons for it. Moving the group from their old position in a smooth and effective manner is likely to be difficult, despite a formal environment supporting the change. In particular, if individuals violate group traditions or norms, pressure from other group members may bring them back to the accepted group standard.

An example of a strong tradition is a work group that is used to functioning in a particular manner (e.g., Providing an in-depth reference service free of charge). Moving from this to charging for the service will be difficult. It will require much consultation and explanation, involvement and understanding on the part of management in order for the process to succeed.

Individuals

Within the informal group, certain individuals, regardless of their formal position, may wield substantial power, because of:

- a long time worked in an organisation
• high levels of expertise in an area that is respected across the organisation
• forceful or charismatic personalities
• control over limited resources
• a formal position within a union, social club or other organisation
• an aggressive or threatening demeanour to other staff and supervisors.

While no formal authority may attach to a particular position, informal authority may accrue due to these factors. Often this is quite outside the manager’s control, but it needs to be taken into account, particularly in relation to change management when such individuals need to be brought ‘on side’ early.

Individuals bring a wide range of interests, needs, aptitudes and attitudes to their work. Some want to exercise authority and prestige; others do not. Motivation is complex and managers should look closely, if individuals with a high level of informal power are causing them difficulties. This can be very helpful in resolving the problem.

**Benefits and concerns**

Within any organisation informal groups evolve, grow, shrink, develop, and prosper because we are social beings and like the ‘belongingness’ of group membership. This can be a strong force for good by motivating staff, or a strong negative influence by setting inappropriate standards of work or behaviour. Other benefits are:

• Group members support each other through personal or work-related difficulties.
• The social and cultural value of the group enhances satisfaction with the workplace.
• Senior group members train and mentor junior members.
• Groups can provide valuable, ‘unscripted’ feedback to management.
• Team identity can become a powerful motivator: no-one wants to let the side down.

The drawbacks of strong informal groups include:

• Groups may become resistant to change, including entry of ‘outsiders’.
• By encouraging conformity, groups may limit individual creativity and initiative.
• Junior members may feel inadequate, or be treated poorly, by senior group members.
• Strong informal groups may ignore or subvert management processes.
• Identifying with group aims becomes more important than identifying with organisational objectives.

Good managers build on the advantages, and are aware of some of the difficulties that may arise, and put strategies in place to deal with them.