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STRUCTURING ORGANISATIONS FOR EFFECTIVE PERFORMANCE: A  
THEORETICAL ANALYSIS

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**Abstract**

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*The need for structuring organisations has been demonstrated by both public and private organisations. Particularly, with the coming of and advance in modern technology for improving work performance, it has become necessary that modern organisations must embrace the new trend if they are to realise their basic objectives. Therefore, organisations need to have the right type of structure to be able to optimize their resources. A theoretical approach was adopted to explore how organisations are structured for effective performance. The objectives were to examine the extant literature to have a deeper understanding of the phenomenon. In this instance, the relevant concepts of organisation and organisational structure were discussed followed by a review of related literature. It is noted that there is no best way to structuring the organisation just as there are no rigid guidelines for structuring organisations; and hence, a recommendation that a blend of mechanistic and organic structure should be adopted by organisations with a view to enabling them capture specialisation and flexibility to successfully realise their basic objectives.*

**Key Words:** Structuring, Organisation, Performance

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**Introduction**

The need for structuring the organisation has been demonstrated by both public and private organisations in the ways that activities are carried out in organisations. Particularly, with the coming of and advance in modern technology for improving work performance, it has become necessary that modern organisations must embrace the new trend if they are to realise their basic objectives. In the time past, many organisations have recorded a number of restructuring in order to keep with their new goals, growths and sizes. In Nigeria, following government deregulation policy, organisations such as Telecommunications Limited (NITEL), the Nigerian Railway Corporation (NRC), National Electricity Power Authority (NEPA) and not too long ago, the Nigerian National Petroleum Corporation, have been restructured for purposes of efficiency and accountability. Mullins (2007) contends that though in smaller organisations, structuring the organisation may not mean much, they nevertheless must assume a certain organizational shape as they grow in size. Not only are formal structures necessary for an organisation, a continual review of structure is equally imperative.

This paper therefore explored how organisations should be structured for effective performance. In this instance, the relevant concepts of organisation and organisational structure are discussed followed by a review of related literature

## Review of Concepts and Literature

Bateman and Snell (1999) describe an organisation as one that is consciously and formally established by members to achieve certain goals that individual members could not alone achieve. On his part, Hornby (2000) defines an organisation as a group of people who form a business, club e.t.c in order to achieve a particular aim. Similarly, Armstrong (2009) says that an organisation is a group of people who exist to achieve a common purpose. It can therefore be said from the foregoing that an organisation is a collection of people with a common aim to achieve a specified goal.

Defining structure, Mullins (2007), notes that it is the pattern of relationships among positions in the organisation and among members of the organisation. Stoner, Freeman and Gilbert (1998:330) on their part, define organisation structure as the way in which an organisations activities are divided, grouped, and coordinated into relationships between managers and employees, managers and managers, and employees and employees. Oyemadu (2005, in Agbonifoh, Agbadudu & Iyayi, 2005:142) explains that the main purpose of organisational structure is to be able to have an effective framework for the delegation of management responsibilities and for the continuing coordination of such responsibilities. Structuring the organisation implies the configuring of the organisation in terms of what tasks are to be performed, who performs the tasks and how different work units collaborate to achieve a common purpose – organizational goal.

There is no one best way to structuring the organisation. Also, structuring the organisation depends on the size, goal, and resources of the organisation. Even within a particular organisation, structures differ. In this instance, Armstrong (2009) is of the view that every organisation is distinct; and it should be taken into consideration when it comes to structuring.

Organizational structure thus, is not static. It changes overtime particularly for big organisations based on their growth and development, changes in technology, culture, government regulations etcetera. Structure is not just the whole story. It is just a way of sharing responsibilities among executives and other organisations work force. Birkingshaw (2001) contends that organizational structure lacks meaning except accompanied by appropriate system and culture. He adds that there is never one right way of organising anything and there are no absolute principles that govern organizational choice. He therefore concludes that organisations should never imitate structuring their organisations; rather, structuring should be premised on what the organisation aims to achieve.

## Reasons for Structuring Organisation

Pringle and Gaster (2006) identify the following reasons why a structure is important to organisations:

- All businesses must organise what they do. Each task and who performs the task, how he performs the task and the resources needed to perform the task are made known through structuring the organisation.
- A clear structure provides an easy understanding of the particular section that performs a particular type of tasks. For example, those in marketing section understand that that function in the organisation is concerned with selling the good produced in the same way that those in personnel department handle personnel matters.

Other reasons for a proper structuring of the organisation include:

- Facilitation of working relationship between different works units in the organisation. By structuring, those to contact in particular matters are known easily and it therefore becomes easy too to obtain relevant information within the organisation.
- Improving the working efficiency within the organizational units. There is no ambiguity in role performance. Resource utilization is rightly directed.
- Provision of flexibility of individual skills necessary for the performance of assigned task. Individuals can best adapt to the tasks assigned and hence, specialization is made possible.
- Enhancing morale and job satisfaction of organisations personnel. As each personnel is familiar with his role performance in the organisation, an atmosphere of job satisfaction becomes widespread among such personnel and their desire to excel is increased.
- More importantly, it contributes to the successful achievement of organisations' objectives by allocating peoples and resources to relevant tasks and also, providing responsibilities and authorities for their control and coordination (Child, 2005).
- It is also argued that structures assist in formulating organizational strategy. This stems from the knowledge of the scope of resources in terms of size for the employment of whatever ways or means for activities delivery in the organisation.
- A tool for monitoring the operations of the organisation. Through structuring, it becomes easy to identify units or a unit where inefficiency results and thereby enabling a smooth correction of such weakness in the system.

### Scope of Organisational Structure

There are three important scopes of organisations structure (Kruckerberg, 2009; Offox, 2009). They are complexity, formalization and centralization. For the organisation to operate efficiently as possible, these three scopes of organisation structure need to be blended and work together. These three scopes of organisational structure are examined as following:

**Complexity:** This relates to the number of separate parts in an organisations structure. They may be found vertically, horizontally or spatially. The vertically results as the chain of command lengthens-often a product of several organisational layers being placed in between top management and production workers. We also speak of the tallness of the organisation when referring to vertical complexity. Most modern organisations are tending toward a comparatively flatter structure thereby reducing the tallness of the organisation. This however increases the span of control for the managers who are not affected by the downsizing.

Horizontal complexity is associated with increased tasks being divided among individuals and specialists in the organisation. A geographical separation of horizontal and vertical complexity gives rise to spatial complexity. That is to say, how much the organisations' offices facilities and personnel are geographical distributed.

**Formalization:** According to Daft (1983), formalization pertains to the amount of written documentation. This includes procedures, job descriptions, regulations and policy manuals.

He goes on to say that formalization is often measured by simply counting the amount of documentation within the organisation. Where formalization is low, Robbins and Judge (2009), contend that job behaviours in relatively non-programmed organisations, employees have a great deal of freedom to exercise discretion in their work. The extent to which an organisation is formalized varies greatly from one organisation to another and even within the same organisation.

**Centralization:** According to Robbins and Judge (2009) and Kruckenberg (2009), centralization refers to the degree to which decision making is concentrated at a single point in the organisation.

When decision making is concentrated at the top management level of the organisation, vertical centralization is high. Whereas when decision making is left for the lower level of employees, vertical centralization is low.

Decentralization indicates when decision making is made at the lower levels of the organisation and not just at the level of the organisation. An organisation characterized by centralization is typically a 'structural animal' compared to a decentralized one (Robbins and Judge; 2009). They note that in a decentralized organisation, there is a quick action to solve problem and that instead of fewer people, greater number of employees participate in decision and this creates a sense of oneness among the employees. Kruckenberg (2009) notes that the three dimensions of organisation structure are very vital to any organisation wishing to maximize its potential especially in the area of communication. He suggests a blend of the dimensions of the structure to be applied in designing the organisation, this that the disadvantage of one can be compensated by the advantage of the other,

Other dimensions of organisation structure according to Daft (1983) are:

- **Specialization:** This is the degree to which organizational tasks are subdivided. Extensive specialization permits a narrower performance of tasks by each employee.
- **Standardization:** Is the extent to which similar activities are performed in a uniform manner. When organisation are highly standardized, works content is described in detail – providing the basis for similar works to be done in the same way in all departments and locations of the organisation.
- **Hierarchy of authority:** This describes who reports to whom and the span of control for each manager. The span of control refers to the numbers of employees reporting to a supervisor.
- **Professionalism:** This refers to the level of formal education and training of employees. It is considered high when employees require long period of training to be job holders in the organisation.
- **Personnel Configuration:** Refers to the development of people to various functions and department – for example administrative functions, clerical, direct labor employee and so on.

### Models of Organizational Design

Robbins and Judge (2009) while citing Courtright, Fairhurst and Roger (1998) present two models of organizational design, which seek to describe the type of structure an organisation assumes at some point in time.

These they call mechanistic model and organic model:

- **Mechanistic model:** The mechanistic type of structure is characterized by extreme departmentalization, high formalization, limited information network and high centralization.
- **Organic model:** On the other hand, the organic structure is flat, uses cross-hierarchical and cross-functional team; it is decentralized in decision making and has less formalization; besides, there is comprehensive network information system through lateral, vertical and downward communication.

### Determinants of Organisational Structure

According to Borgatti (1996) and Kruckenberg (2009), the type of structure adopted by an organization is influenced by a number of factors such as organizational goals, the size, environment and technology. Robbins and Judge (2009) add that strategy also influences organizational structure. These determinants of organizational structure are examined as follows:

**Organizations goals:** What an organisation desires to achieve can determine the type of structure it will adopt. Aghn (2007) notes that goals are the prime determinants of structure. He argues that if for instance one is in the business of providing hamburgers, the goal of delivery a government product at a moderate price will lead to different structuring arrangement. This is in contrast to if such organisation's goal were to deliver a reliable product quickly at low price.

**Organizational Size:** Though, size affects structure at a decreasing rate, Borgatti (1998), Grooding and Wagner (1985), state clearly, that for large organisation, size plays a dominant role in structuring the organisation. Hence to them, such organisations on inception, tend to be highly specialized with high centralization of decision making and formalization in contrast to small organisation.

Similarly, Daft (1983) argues that centralization and complexity depend on the size of the organisation. Citing Dewar et al (1978), he says that large organisations show a definite pattern of greater complexity. Continuing, he says that vertical complexity is required to have control over a large number of work force. As the work force increases, further levels of hierarchy keep spans of control from becoming too large.

In both vertical and horizontal directions, then, large organisations.

**The organisations strategy:** A strategy is a chosen course of action for pursuing an objective (Osaze; 1998:31). Robbins and Judge (2009) while citing Amburgey and Dacin (1994) contend that if management makes a significant change in its organisations strategy, the structure will need to be modified to accommodate and support this change.

While referring to Harris and Ruefil (2000), Robbins and Judge (2009) state that an organisation has three main strategies which would dictate the kind of structure it could adopt. These are:

- Innovation
- Cost minimization and
- Imitation

The summary discussion is indicated in figure 1 below as presented by Robbins and Judges (2009:5535).

Figure 1: Strategies for the kind of structure the organisations should have

Strategy	Structural option
Innovation	Organic: A loose structure, low specialization, low formalization, decentralized
Cost minimization	Mechanistic: Tight control, extensive work specialization, high formalization, high centralization



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