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THE ORGANISATIONAL STRUCTURE OF A COMPANY IN ORDER TO IMPLEMENT EFFICIENCY AND PERFORMANCE

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Abstract

The implementation success is determined by an efficient administration of change and approaching the implementation by innovation, structural organisation know-how. We underline the real and practical issues related to change: rapid, slow, by installments. We have discussed hereby the strategic organisation implementation within a company as a whole.

Keywords: *organisational structure, manager, efficiency, performance, method and methodology*

1. Introduction

It was deemed opportune to set forth a coherent methodology for analysing the organisational structure, namely to define the specific terminology and certain indicators which are quantifying the status, the characteristics and socio-economic potential. There were established indicators which may quantify the structural organisation of a company by the assembly of organisational persons and subdivisions established in that regard so that to assure the organisational premises in order to set forth and achieve the forecasted objectives. For the study of the managerial methods accomplishment within the structural organisation of a company there were used as specific research methods:

- The dynamic, deductive and quantitative economic analysis;
- The participative research which supposes information collection.

Any company, in order to deploy its activity creates a personal organisation form, which depends on the deployed activity specificity, on the volume and tasks complexity in different fields, on the development perspectives, employees number, the field in which they are operating, market demands, etc. This internal organisation method, by means of which the persons, sectors and activities group is created, as well as the connections between them, represents the organisational structure of that company. The organisational structure of a company represents the fundamental element of the management system, determining in a high percent its functionality, the manner of using the human, material and financial resources, the expenses and profit level. The organisational structure is not defined unitary by the experts, which differently insist upon certain parts or aspects, characterising it as being:

- A means of work division between a certain number of tasks and their coordination (H. Mintzberg);
- A diagram of distributing tasks and responsibilities within the company (G. Pedraglio);
- A diagram of hierarchy and communication ways at different levels and administrative entities, spreading the necessary information (A.D. Chandler);
- A description of services, connections and hierarchic reports between the existing managers at different levels (J.A.Krier);
- A means of work division, localising the decision criteria, exercising the authority, setting forth the communication networks, of fixing conflicts and social integration (O.Gelinier)¹.

2. Discussion

We consider that a more complex and accurate image over this complicated mechanism is presented by the definition according to which the company organisational structure is represented by the assembly of organisational persons and subdivisions established in that regard so that to assure the organisational premises in order to set forth and achieve the forecasted objectives. Within the company organizational structure two main components are highlighted:

- The managerial structure;
- The production structure.

The managerial structure may be defined as the total managers at superior level and the organisational subdivisions by whose decisions and actions there are insured the managerial, economic, technical and HR conditions, necessary for the deployment of production sectors activity. The production structure is thus formed, mainly, by the participative management organisms, the general manager and his/her representatives, the functional and constructive and technological design sectors. The other main component, the production structure, includes the total company's organisational subdivisions, including the operational activities, mainly production activities. The specificity of modern companies is the amplification of the dimension and managerial structure role simultaneously with the increase of production structure integration into the general organisational structure, by using organisational, informational, research-development, production, commercial, financial/accountability, human resources elements etc.

The company organisational structure is an expression both of human, material, financial and informational integrated resources, but of the characteristics of the environment where they perform their activities as well. From an analytic point of view, the endogenous and hexogen company elements which have a significant importance over the structural organisation characteristics may be individualised under the form of organisational variables. The importance of the organisational structure resides, mainly, by conditioning a high profitability within a company, taking into account that it is a main component of the management system, determining its functionality. The organisational structure provides the basis of the managerial system, its rationality determining in a high percent the content and mixing the objectives system,

¹ Cibela Neagu, Mircea Udrescu, „Managementul Organizației”, [*Organisational management*] TRITON Publishing House, Bucharest, Romania, 2008, p.145-146.

the configuration and functionality of the informational and decisional system, the range of management methods and techniques used. It is clear that all these aspects determine the way of using the resources, the products sale conditions and implicitly, the expenses volume and profit amount. In fact, between the “strictly economic” implications and the “strictly human” ones related to the organisational structure there is an organic connexion, their mixture determining the so called social-human efficiency of the company structural organisation².

The neglecting of social responsibilities has indirect effects upon the economic performances, concretised in the decrease of own employees motivation and loyalty, in the company image degradation. Because of these aspects, a competitive company shall try to permanently achieve a dynamic balance between its social and economic objectives. At their turn, both the economic and social objectives may be convergent or divergent. The use of convergent objectives for creating certain managerial programs does not represent a special challenge because their consequences may be easily harmonised. The situation becomes complicated when it is to define a programme by establishing divergent objectives, generating a conflict of interest and which may not produce a symbiosis³. The central issue of the structural organisation refers to a clear distribution and delimitation of activities, planning the tasks distribution, and to a certain coordination of the employees’ relations. The simple taking into account of the successful strategic factors, businesses, strong and weak points, the opportunities and the obstacles remain only planning units up to the creation and implementation of the company structural premises (roles, tasks, processes, abilities, etc.) necessary for the strategic intentions deployment.

Depending on the classic model of the organisational structure we delimitate the horizontal and vertical structure. In the case of the horizontal structure, the distribution of tasks and jobs is carried out depending on certain grouping criteria, resulting organisational entities. In the majority of companies we find, generally, five types of organisational structures:

- simple;
- functional;
- divisional;
- business strategic units;
- matrix-type organisation.

The structure is nothing but an instrument necessary to coordinate the company capacity and diversity and to provide a successful strategy. The simplest organisational structure is the one for small enterprises.

² Ovidiu Nicolescu, Ion Verboncu, „Management”, Economica Publishing House, Bucharest, Romania, 1999, p.299-300.

³ Ramona Florea, „Management strategic”,[**Strategic management*], TEHNOPRESS Publishing House, Iasi, Romania, 2007, p.57.

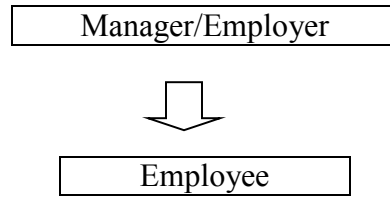


Fig. 1 Simple organisational chart

All the strategic and operative decisions are centralised at the manager level, which is also the company administrator. The simple structure advantages are:

- the control of the tasks carried out by the organisation member shall be simplified;
- fast decision making and rapid adapting to market changes;
- simplification of the employees information, motivation and control systems.

The disadvantages of the simple structure are as follows:

- strong dependence between the manager and the employer;
- the structure becomes difficult when the enterprise work volume is amplified;
- it does not allow new managers;
- the manager inclines to concentrate all the resources for the daily activity, drawing away the future strategy.

The classic organisation form is the functional organisation. Within the functional organisation all the concepts for defining relatively similar actions (functional) are grouped in a field from the enterprise. The evolution of this organisational model is related by the enterprises apparition and development, which in the last century started with the first big rail-road companies. The rail-road companies were joint stock companies, which were necessary, because the capital need for a rail-road company could not have been satisfied by one investor only. Usually, they were managed by engineers, who had the technical formation necessary for this activity field. Thus, the big enterprises were hierarchically organised under the organisation form on functional fields; supply, production, research and development, sales, personnel, financial-economic, etc. The small and medium enterprises are currently classified depending on the departments' functionality or on the functional fields.

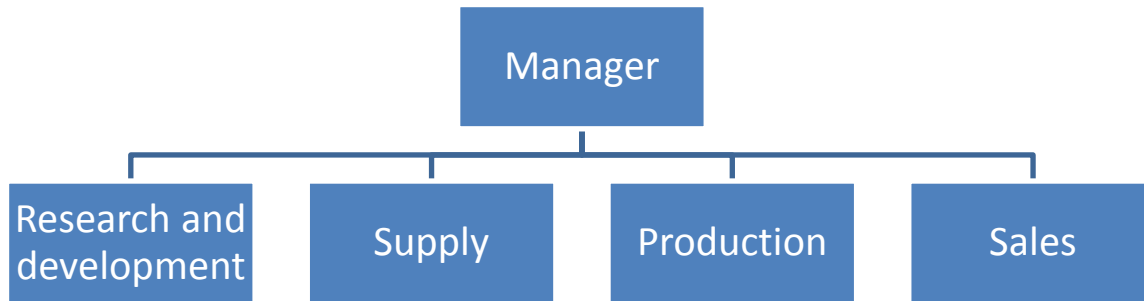


Fig. 2 Classification of activities depending on the functional fields

The advantages of the functional structure are as follows:

- the efficiency increase, as a result of specialisation;
- it allows the performance of an effective activity assessment;
- it allows the daily activities assignment;
- it holds the centralised control of strategic decisions.

The disadvantages of the functional structure are as follows:

- functional and inter-functional coordination difficulties within the decision making process;
- strict promotion of specialisation and competition intervention, even of the conflicts between functions;
- the existing limits for the internal development of general managers⁴.

In order to discuss about performance, efficiency and economisation we always need new strategic methods within the organisational balance which may generate modifications in the mechanism of producing added value, determining another structure and manifestation of the value chain.

The strategic change in the organisation based on know-how is always accompanied by numerous other changes with different natures and intensities, manifested in the entire organisation or just in a significant part of it. Because of these reports, the strategic change quality is conditioned for the other changes in the company, directly or indirectly generated, on short, medium or long term. Taking into account the particular importance of the strategic change, we consider necessary to stress the main factors generating its success. From the

⁴ Adrian Dumitru Tantău, „Managementul strategic - de la teorie la practică” [**Strategic management – from theory to practice*], C.H.Beck Publishing House, Bucharest, Romania, 2011, p.189-190.

perspective of North-American experts, Samuel Certo, Carol Sales and Frances Owen, authors of one of the most read management manuals from this area, the factors are as follows:

- the change agent, represented by a person inside or outside the company, who tries to modify the current situation;
- the changing company elements;
- the way of carrying out the change;
- the persons affected by the change;
- the change evaluation.

Next to these factors, it is important to take into account also at least the following factors:

- the change purposes and objectives, depending on which the strategic change is oriented and modelled within the company;
- the resources allocated for change starting with the know-how resource, highly influencing the change frequency, intensity, rhythm and results;
- the motivation of human resources in order to attend to changes, which is reflected in the employees intensity and participation to the change conception and deployment, and implicitly, to the performances.

Knowing these factors contributes mainly to the performances achievement through strategic changes within the company, particularly through the know-how one. When the success factors are not known and taken into account enough, the changes do not generate the expected and necessary results. In other terms, it is generated the exceptional role and the quasi-permanence of organisational changes. It is necessary to underline the fact that the organisation functionality and performances depend, simultaneously, both on changes, and on assuring an organisational balance, allowing the strategic changes consolidation and valuation.

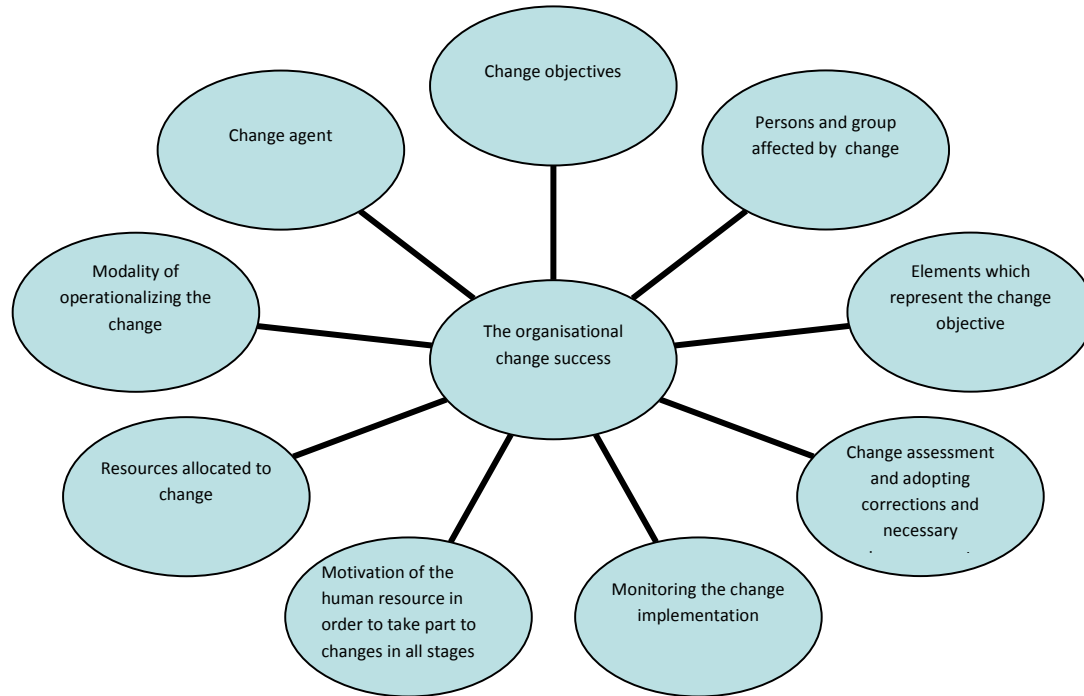


Fig.3 Main factors determining the strategic change success within the company

In the last decades, because of the acceleration, amplification and intensifications, within the passage to the know-how based economy, the organisations insist upon change and simultaneously upon a balanced dynamism. In other terms, the companies replace the traditional stability – which may not be currently maintained but on short periods only and with the major risk of bankruptcy or performances decrease – with an organisational balance characterising the know-how based companies from all the developed countries. Concretely, this balanced dynamism represents the alternation of intense strategic changes with predominantly current periods with less changes, in which there are consolidated the previous strategic changes and there are valued, by shares, the performances, human, technical-material, informational and financial resources allocated to the strategic changes. More rarely these periods of dynamic balance take the classical form of organisational stability. A similar situation is relatively manifesting more frequently as compared to the companies belonging to traditional branches.

We may say that innovation is a change that presents as essential distinctive feature the integration of one or many new elements. However, all innovation is a change, but not any change is an innovation. Taking into account that, compared to the organisational realities, the innovation includes new elements, it is considered to be a superior level change. Consequently, the innovation represents the type of change stressed mainly by the know-how based company management. A high capacity of generating and optimally implementing the innovation in all the main activity fields of the organisation grants to the company management an innovative content

and character, definitive for the know-how based management⁵. Stressing the preponderant human dimension of the organisational change, the multiple and complex faces approach do not have to make us forget or ignore that they have to always generate performance, efficacy and sustainability for the company.

From our perspective, the performance and efficacy of organisational changes – as well as of the organisation as a whole – have to be systematically approached, multifunctional and centred on the value chain. Systemically, by featuring the objectives and fundamental interests of the organisation based on know-how and approaching them by taking into account the inter-collateral contribution of all its components. Systemically, secondly, by taking into consideration the main stakeholders of the organisation, internal and external, individually and group type. Multidimensional, by underlying both the economic elements of the company performance and efficacy – nonetheless, the most important – but other elements too, having ecological, human, technical, managerial etc. nature, specific to the know-how organisation.

Centred on value chain, by taking into account predominantly those elements associated with organisational changes included into the constitutive activities of the organisation value chain or which have direct and significant repercussions against it. Their concentration, from a systemic and multidimensional perspective, stressing the know-how valuation, provides the focus of the changes effects with the greatest impact over the economic, social and ecological performance as a whole and over the organisation sustainability on medium and long term.

Based on this conception we consider that the performance and efficacy of change within the know-how organisation has to be approached on three levels:

⁵ Ovidiu Nicolescu, Ciprian Nicolescu, „Organizatia si Managementul bazate pe cunostinte” [**Organisation and the know-how based management*], Pro Universitaria Publishing House, Bucharest, Romania, 2011, p.-235-238.

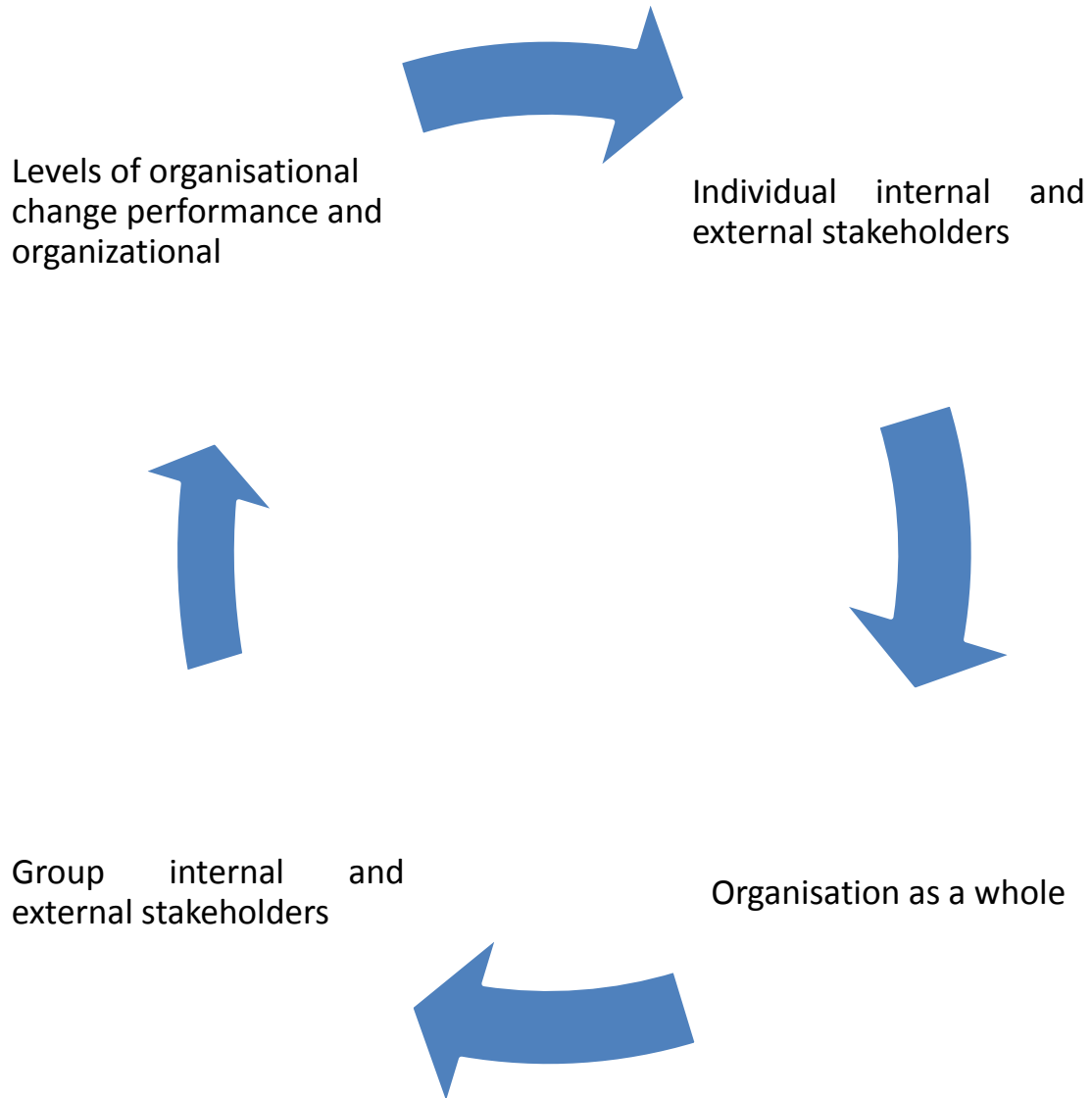


Fig. 4 Levels of organisational change [erformance and efficacy

The organisation as a whole represents the most important level of determining change performance and efficacy. Logically and pragmatically, as a last resort, organisation survival and development as a whole are essential elements, which prevail over all the other ones – when designing and assessing organisation changes. Their performance and efficacy at the level of organisation as a whole refers, mainly, to the following elements:

- obtaining superior economic, social and ecological performances;
- acknowledgement by the organisation components of its mission and trying to realise it;

- constructing a high moral for the employees as compared to the company potential and perspectives;
- amplifying human resources engagement towards the company and intensifying its participation to the objectives achievement;
- discovering and developing new trained leaders and managers for the organisation as a whole;
- developing an organisational culture, which is simultaneously innovative and pragmatic;
- obtaining competitive advantages based on strategic know-how;
- increase of the sustainability, organisation and its competitive advantages.

The second level of determining organisational changes performance and efficacy refers to the groups represented by the organisation internal and external stakeholders. As we have underlined several times, strategic changes always involve both creation of change teams and participation of the groups composing the organisation, particularly of the community based on know-how and certain external stakeholders groups (shareholders, customers, suppliers, financiers, local community etc.), direct participants to the virtual value chain. At those groups level, organisational change performance and efficacy imply:

- Developing within the organisation certain intensely innovative and efficient groups;
- Involving external and internal stakeholders in the initiation, deployment and completion of strategic changes within the company;
- Superior harmonisation of groups interests with the organisation interests as a whole;
- More efficient correlation of the objectives and activities of know-how based communities and of other groups with the organisation general objectives;
- Developing the team spirit at the group level;
- Increasing the cooperation and reciprocal help between the organisation groups and between the internal and external groups of the organisation;
- Consolidating the cohesion within the know-how based communities;
- Creating and developing trained leaders and managers at micro-group level within the organisation;
- Know-how based communities.

The third level of determining organisational changes performance and efficacy refers to the organisation significant individual stakeholders. Even if when approaching strategic changes performance and efficacy, the assessment and effects at the level of persons involved are ignored or just tangentially mentioned, they are not, often, less important than the previous two. Let's not forget that at the base of performance and efficacy growth within the organisation as a whole and at the level of involved groups there are always new qualitative elements, positive effects at the level of the persons attending to the change. The bigger are their profits at this level, the more performances at the level of know-how based communities and of the organisation as a whole get amplified. In our opinion, the main expressions of individual performance and efficacy increase are as follows:

- Amplifying the employees individual work productivity, regardless they provide preponderant physical or preponderant intellectual work;
- Centring the individuals, particularly the know-how focused experts, on the increase of personal performances and of the systems they take part to;
- Amplifying the individual engagement toward the organization, element with a major motivating effect;
- Increase of commitment towards assigned tasks and objectives fulfilment, stressing the know-how value;
- Reducing employees concern and fear related to new and change elements;
- Admitting the necessity and importance of know-how, innovations and changes for the development and increase of personal performances and of the systems they take part ;
- Amplifying individual availability of changing and participating to the strategic change;
- Intensifying the communication and cooperation with other persons both from the know-how based community or the affiliation group, but from outside as well;
- Increase of the personal innovative, change and performance capacity of each employee⁶.

Everybody knows something about the formal cultivation methods regarding communication and coordination, similar to the aforementioned ones. Knowing which are the methods is one thing, but knowing how to put them into practise is something else. The managers may be motivated or not to share the information and implement the strategy. All managers ascertain they have implemented IT systems and formal data bases, all know what an integrator is. Many managers constantly say that they introduces within their companies matrix-type structure of a particular kind. Nevertheless, the issues related to information treatment and know-how share continue to exist. This happens because formal forces affecting the results enter into action as well.

The simplest and most known way of transmitting information is probably unofficial contact, irrespective the used formal methods. People discuss one to the other in order to get informed and solve problems. A production manager from New York or Detroit calls his interlocutor from Tokyo, Mexico City, Sao Paulo or San Francisco. They discuss and solve amicably delivery data and planning issues. A consultant from Germany calls his colleague from Paris to get assistance in a very stringent problem with a client. A doctor from the research department within a great pharmaceutical company in Pennsylvania calls an expert in statistics from Germany in order to request his help for an important study. Direct, informal contact between managers is apparently the most common form of daily communication and coordination. But in order to succeed, even this simple tactic has to comply with certain fundamental requirements.

⁶ XXX The Sustainable Enterprise, Strategic Framework Programs, ILO, Geneva, 2010, pp.2-9, adapted and completed by Ovidiu Nicolescu, Ciprian Nicolescu, „Organizația și Managementul bazate pe cunoștințe” [Organisation and know-how based management], Pro Universitaria Publishing House, Bucharest, Romania, 2011, pp.243-244.

A fundamental but decisive condition is to know whom to contact. In order to have an informal successful contact, you have to know people from other places, their positions and responsibilities⁷. In certain organisations, strategy implementing and learning are difficult because of the tacit know-how. Research and development organisations, professional departments or companies (legal departments, law firms), consultancy groups, sales or marketing units and others have to elaborate special methods and processes in order to transfer tacit know-how. We have to take this into account when implementing the strategy. For a consultant to learn the necessary skills or the way in which a business must be concluded, he will have to allocate some time to observation and interaction by direct contact. In order to know how to manage interactions within a group and the discussions generated by the development of a new product usually you need to practice and observe how experiences managers act. The organisations with a great volume of tacit know-how which should be shared have to be willing to invest in people and to give them interaction, discussion and emulation time, in order to efficiently transfer the know-how. Research and development organisations and the professional departments may not be hurried in their attempt to share and use know-how⁸.

Another vital issue for the strategy to function is the structural integration. It has started with assuming that all persons know their role and position. The managers are aware whom to interact with, when and why and they completely know other people tasks and responsibilities. In reality, things are not always that clear. Responsibilities related to the position are not always clear, and the authority is not always missing ambiguity. Responsibility and liability are often blocked when people with different positions and divisions come together, from different organisational hierarchic levels. This is often happening particularly in matrix-type structures, in which lateral and hierarchic may easily eclipse the responsibility and liability image.

Many times, when there are several responsibility centres or when several managers share the same tasks, confusion is installed. We assist to a quite common situation, especially in the organisations trying to make rapid and vast changes. The roles and responsibilities rapidly change when the managers try to confront the changes. When several persons and capacities are mobilised for a problem, the general responsibility becomes unclear in time: everybody has an answer; all are preoccupied for that particular problem. Nevertheless, the problems are never solved when everybody is responsible, and in fact nobody is responsible.

Within an implementation plan or process, the responsibility and liability vagueness may affect the efforts of executing and implementing the strategy. It is clear that we are not dealing here with a common issue, but with a problem aiming at getting the attention of the management from all organisation levels⁹.

⁷ Lawrence G. Hrebiniak, „Strategia în afaceri. Implementarea și executarea eficientă”, [Business strategy. Efficient implementation and execution] translated by Gabriela Camelia Cristea, ALL Publishing House, Bucharest, Romania, 2009, p.141.

⁸ Idem, pp.144-145.

⁹ Idem, pp.148-149.

3. Conclusions

We have tried hereby to underline the fact that in order to organise and manage an organisation we need a functional strategy, by performance, efficacy and economisation. The management literature is abundant in theories and recommendations regarding the essential conditions in order to implement a structural organisation in every company through a correct planning and a good strategy. Managers in all countries confronted all over the years with several methods and techniques of organisation, implementation of strategies and information treatment techniques, organisational changes by innovation and know-how, all these generating performance and efficacy.

Generally, weak performances are owed to a link from the organisational chain, because as we already know, when everybody has an answer, in fact nobody answers, when things go wrong, another person is responsible, but no one is guilty. It is more difficult to make the strategy work than to conceive it. Many organisation recruit, train and keep good managers; their employees are quality people, loyal, well trained and motivated who want to fulfil the assigned activity in optimal conditions.

Managers have to understand and know how to make the strategy work. Taking into consideration the mission complexity, intuition, leader skills, perspicacity, personality and know-how is not always enough in order to make the implemented strategy work. The organisational development paradigm is addressed both to individuals and to the organisation. Organisational development is not a concept, but a phenomenon, which expands itself whenever necessary, based on planned interventions, human, material, democratic, demographic resources aiming the organisation performance and efficacy and the employees well-being.

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