## 12 Principles of Organisational Design

### 12.1 Organisational assessment

The structure of organisations depends on:

- their task(s) example: administration, business
- the socio-economic environment (culture) example: Japan
- the technology example: computerised technique
- the size of organisation project example: World Bank

The transferability of organisational models is limited!

### 12.2 Culturally influenced variations in basic organisational characteristics

<table>
<thead>
<tr>
<th>Cultural Needs</th>
<th>Social Differentiation</th>
<th>Organisation</th>
<th>Planning</th>
<th>Coordination</th>
<th>Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>high</td>
<td>high</td>
<td>hierarchy</td>
<td>little applied, decisions made by superiors</td>
<td>individual agreements among bosses / chiefs</td>
<td>top-down, linked to position</td>
</tr>
<tr>
<td>high</td>
<td>low</td>
<td>well-oiled machine</td>
<td>not seen as a priority; everyone knows his / her duties</td>
<td>can be minimised as functions are well elaborated</td>
<td>responsibilities are mutually agreed upon co-operation</td>
</tr>
<tr>
<td>low</td>
<td>high</td>
<td>family</td>
<td>demanded for combining efforts</td>
<td>mutual obligations within the 'family' / among elders</td>
<td>care-taking patron for 'in-group'-members</td>
</tr>
<tr>
<td>low</td>
<td>low</td>
<td>village market</td>
<td>highly demanded by every party</td>
<td>minimised in order not to limit flexibility of individual parties</td>
<td>situation-specific, spontaneously developing</td>
</tr>
<tr>
<td>-----</td>
<td>-----</td>
<td>----------------</td>
<td>---------------------------------</td>
<td>---------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
</tbody>
</table>
12.3 Important Issues for Organisational Design

1. "According to which criteria are tasks and responsibilities distributed to various positions?" (schedule of positions with job description)

   Principle: utmost accordance of: task - competence - responsibility (e.g. for decision-making powers)

2. "According to which criteria are positions clustered into units?" (organogram)

   a) *Principle of specialisation versus principle of integration:*

      To how many units is a task distributed?

      | Specialisation          | Integration                                                   |
      |-------------------------|---------------------------------------------------------------|
      | Efficiency increase by  | High level of self-steering capacity of all subsystems       |
      | specialisation          | ⇒ Efficiency increase by                                       |
      | Concentration of        | • release of steering capacities for the overall system        |
      | decision-making power   | • overview to staff members                                   |
      | Co-ordination           | ⇒ motivation                                                  |
      | requirements high       | risk: too much of independence to subsystems                  |

   ✤ Present tendencies: partially autonomous units that do not overlap

   b) *Criteria for clustering:*

      • by function (e.g. research / extension / marketing)
      • by product-specialisation (e.g. maize, coffee, cotton)
♦ by geographical areas or
♦ combination of several design criteria: matrix organisation

(e.g. most international donor organisations)

each unit is answerable to two or more “masters”

Example of a matrix structure in an international development agency

Matrix organisation

♦ covers best the complexity of reality
♦ requires high efforts of co-ordination
♦ promotes (and demands) to solve conflicts in a productive way
♦ promotes creativity of staff (two dimensional thinking)
c. **Project organisation**

Creation of relatively autonomous sub-units charged with special temporarily limited tasks

- **Advantages:**
  - high task and objectives orientation, flexibility, creativity, innovative capacity

- **Disadvantages:**
  - danger of becoming self-propelled, loss of reality

- **Consequences:**
  - Project organisations must not compete with regular organisation or units, but have to be charged with complementary tasks
  - Project organisations need clearly framed tasks, but also need a significant range of freedom to fulfil those tasks

3. "Who can give instructions to whom and who is responsible?"

   (decision-making structure/lines of command/functional relationship)

   **a. Basic alternatives:**

   ◆ **Single-line organisation:**
   
   only one relation of instruction and responsibility between superior and subordinates

   ◆ **Advantages:**
   
   straightforward demarcation of competence, clarity, security

   ◆ **Disadvantages:**
   
   wearisome official channels, overburdening on the top, bureaucratic stiffness
♦ Multi-line organisation:

♦ several superiors; every superior responsible for certain aspects only (e.g. in a matrix structure)

◊ Advantages:

specialisation within the management, prompt official channels, functional authority

◊ Disadvantages:

conflicts about competence, insecurity, controlling is difficult

b. Criteria for assessment:

♦ Span of control:

Number of staff directly subordinate to a superior

* Determined by the degree of simplicity or complexity of functions and volume of work/tasks for which a unit is responsible

♦ Depth of organisation:

Number of hierarchical levels:

* Determined by the degree of concentrating or distributing control, powers and authority.

◇ the wider the span of control, the more flat the organisational structure

◇ a flat organisation is deemed to be desirable (lean management) prompt official channels, high efficiency; this move is, however, limited by the capacity of control of superiors (in administration: up to 20 persons)
limited by a superior’s leadership-supervisory capacity

Determined by degree of simplicity or complexity of functions and tasks a unit is responsible for

Effectiveness is significantly influenced by organisational factors such as extent of authority ascribed to position as well as professional / personal factors such as competence and leadership qualities

Formal and informal structures

12.4 Internal Decision-Making

12.4.1 Areas of project decision-making

Two areas of internal decision-making:

• decisions on the short-term steering of project implementation (e.g. on a monthly, weekly, or even daily basis)
  o as far as possible to be taken by all staff members in a participatory manner,

• decisions on project policy matters and long-term steering of implementation.
  o usually reserved for the management, although all staff can be involved or should at least be kept well informed.

Co-operation in decision-making enlarges the range of information and allocates responsibility to many staff members.

Project management will however ultimately be held responsible for the achievement of the project results. Therefore, it has a right of veto to staff decisions, but the project management should not monopolise decision-making on account of its overall responsibility.
12.4.2 Instruments

12.4.2.1 Action plan

Transfer the Plan of Operations (i.e. the activities planned in detail) into short-term (e.g. weekly) action planning for all members of staff. The action plans ensures that

- the staff is co-ordinated and co-operates according to the designed division of labour (see organisational chart)
- daily experiences gained by each staff member while implementing his/her part of the project, are voiced, made known to others and are discussed
- experiences of the entire staff are fed-back as the basic input for decision-making; monitoring is in this way linked to the decision-making and does not become separated.
- the entire staff is involved in the project implementation, and their sense of identity with the job is increased
- tasks can be delegated on the basis of constantly updated knowledge of every team member regarding what he/she has to do and what is to be done by others
- duties are planned for each staff member on a short-term, detailed basis, and can be closely reviewed (e.g. week by week)
- the distribution of resources is more rational and more in line with project policies, as all staff members are involved, (e.g. including drivers,) and it is binding for the project management (e.g. use of cars may be laid down in the staff meeting and not by the project manager alone)
- On the basis of reports on the experiences of staff members the project management can identify some general implications for project policy
12.4.2.2 Organisation of short term decision-making

The following rules may be applied to organisation of decision-making procedures:

- meetings held regularly (e.g. on a fixed day of each week, with the entire operational staff attending);

- open agenda (points for discussion can be raised by every team-member);

- every team-member reports on experiences made since the last meeting.
  - what went well, according to the week's plan, positive experiences, what additional information was gained concerning the project;
  - what went wrong, (where deviations from the week's plan occurred), critical experiences, what should be changed;
  - where short-term improvements are necessary, what the long-term implications are;

- plan all actions for the following period
  - including the distribution of required resources (e.g. cars, other logistics)

- decisions taken are recorded in an appropriate manner
  - in line with the project's monitoring and filing system (the weekly staff meeting can be an integral and focal point of the monitoring system, the filing system has to correspond to both)

- management to concentrate on overall issues, that are relevant to project policy decisions,
  - they may be derived from the reports on experiences (e.g. change in framework-conditions / assumptions, target group approach, supervision etc.)
12.4.2.3 Organisation of decision-making on policy matters

- In order to reach targets, the management
  - has to meet regularly (e.g. once per month) and follow similar principles as described above for weekly staff meetings
  - must arrive at decisions within the scope of their managerial responsibility (e.g. personnel, training, resource allocation,...) later these decision must be fed back to all staff members.

- Project policy matters consist of decisions, which pertain to the achievement of results and for which the project management is exclusively responsible (e.g. personnel, budget, procurement of long-lasting (capital) equipment etc.).

- It is a special task of the project management to guide the implementation by setting general rules or policies of the project. Policy decisions must:
  - be based on an in-built 'early-warning-system', e.g. regular (weekly / monthly) reports on the experiences of staff members, so as to identify the need to decide on policy matters as soon as possible
  - if necessary, take appropriate decisions concerning deviations between planned and actual achievements, or concerning additional matters, especially changing framework conditions
  - be based on information about which specific staff members have specialised knowledge, e.g. decisions on resources (finance, equipment, personnel,...) and their distribution must reflect the project team members’ requirements.

12.4.3 Advantages / disadvantages of the participatory decision-making procedure

Participatory decision-making

- is based on a broad flow of information and an intensive network of information;

- incorporates those who execute the decisions; acceptability is thus increased;
• is a flexible tool because it enhances the chances for corrective actions at short notice;

• gives a certain amount of responsibility to all project staff, alleviating the management of petty decision making (but not relieving it of overall responsibility)

• helps to integrate other managerial instruments of major importance (e.g. co-operation with target groups, external relations, to implementing agencies, input management, monitoring) with all team-related issues.

• may be slower in arriving at decisions compared with individual decision-making.