

6 Organization, Structure and Design

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Key concepts and learning objectives

- To develop an understanding of the assumptions and theories underpinning mainstream thinking.
- To show how ideas about the structure and design of organization are developed and applied in practice, with particular reference to a case study.
- To explore some alternative approaches and tensions associated with the design and control of organizations.
- To understand a number of key concepts that are relevant to mainstream and critical analysis, such as effectiveness and efficiency, and performance and control.

Aims of the chapter

This chapter will:

- Introduce key mainstream and critical contributions to the study of the structure and design of organizations.
- Explore the difference between classical and modern thinking about organization, highlighting the importance of open systems theory to contemporary organizational design.
- Clarify the nature of, and relationship between, 'formal' and 'informal' features of organizing.
- Explain and illustrate the basis of criticisms of mainstream thinking about organizational structure and design.
- Show how concepts of inequality, knowledge, power, freedom, identity, inequality and insecurity can provide a different way of considering issues of organizational structure and design.
- Review diverse contributions to the critical analysis of organization structure.

Overview and key points

The concept of organization structure is at the heart of organizational studies, historically and contemporaneously . . . understanding organizational structure is central and the thrust of the discipline of organization theory is to understand effective and efficient organizing, through structural design. (*Hinings, 2003, p. 275*)

Suppose that you want to set up an organization. You might ask yourself: What exactly is it for? What difference do I want it to make? How do I go about it?

Very likely, you would base your organization on a familiar model. A dominant, common-sense way of designing an organization involves drawing a chart comprising a set of linked boxes, with the boxes indicating the positions or roles played and the lines identifying the main relationships – lines of authority and communication. As a first stab at a design, you might draw such a chart. When deciding on the number and type of boxes and the nature of the links between them, the chances are that you would more or less copy a model that you already know, such as a company you have worked for or your university, and then make a few modifications.

Whatever method you use, the outcome will be an organizational design with a distinctive structure. But what exactly does 'structure' mean? It is widely used to describe the *form* of an organization. For example, if in an organization of 100 members 99 report individually to one boss, then that would be called an extremely simple structure; but it is also one that is likely to overwhelm the boss because nothing is **delegated**. The boss probably wants to retain complete control by ensuring that s/he takes every decision, perhaps because s/he does not have the confidence or trust in anyone else taking them. A possible outcome is that s/he is worked into the ground and/or there are long delays while everyone waits for decisions to be made.